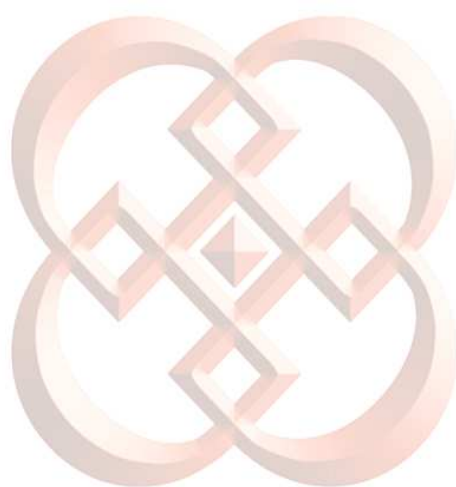


**Fiscal Year  
2011-2012**

**Adopted Budget**



*The* **Town** *of*  
**Davidson**



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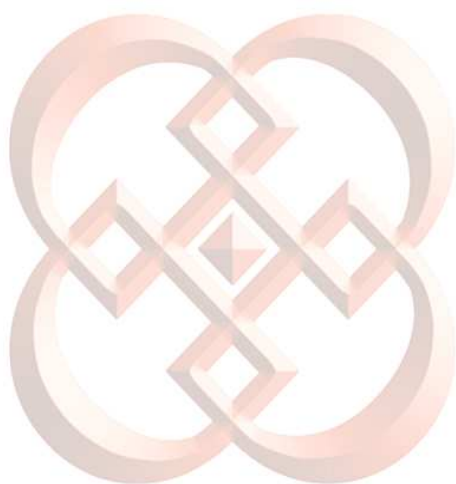
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## Mayor and Board of Commissioners

John Woods  
Mayor

### Board of Commissioners

Tim Dreffer  
Brian Jenest  
Laurie Venzon  
Connie Wessner  
Margo Williams

Leamon Brice  
Town Manager

Town Hall is located at 216 S Main St in Davidson NC 28036



## **FY 2012 BUDGET MESSAGE** **APRIL 26, 2011**

### **Background:**

The Town of Davidson has reduced expenses in each of the last three fiscal years. During FY 2009, in response to the economic downturn and evidence that revenues were going to fall far short of our forecast, we reduced the overall budget. In FY 2010, the budget was again reduced to provide capital in the amount of \$180,000 to MI-Connection. In FY 2011, we reorganized staff, used fund balance, and initiated a new solid waste fee to meet a larger MI-Connection need.

All of these reductions and the reorganization were necessary to manage in a new economy. Though the changes were necessary, our facilities, services, and staff have suffered as a result. Maintenance has been deferred and the reorganized staff has not had the resources needed to provide good services and take full advantage of new staff skills.

Fortunately, FY 2011 brought us increased revenues through sales and utility franchise taxes, and we were able to operate with less funding than budgeted. I believe this is an indication that we are near the Financial Stability and Responsible Stewardship as called for in your two year goals.

### **Going forward:**

Our financial stability puts us in a better than anticipated fund balance position. An improved fund balance coupled with the property tax revaluation will enable us to give attention to deferred maintenance and routine equipment replacement, return services to an acceptable level, fund MI-Connection, and achieve a few of the board goals and initiatives.

### **Revenues:**

We are proposing using fund balance to meet some of our one time needs and goals; we feel it is important not to use fund balance for ongoing operating expenses. We propose leaving the tax rate at its current level. The revenue neutral tax rate is 32.5 cents per \$100 valuation. We recommend that operating revenues become adequate to cover recurring and ongoing operating expenses. Note that the proposed amount of fund balance usage matches the one time expenses. Should you elect to move towards revenue neutral, you should refrain from using fund balance for operating expenses.

### **Expenses:**

The proposed expenses were first increased in areas where we had operating overruns. Once these items were covered, we focused on maintaining existing facilities and routine equipment replacement programs, and lastly funding board goals and investment opportunities.

We have proposed expenditure items in three categories: Essential Needs (which we suggest not be cut), Funded but Debatable Needs, and Unfunded Debatable Needs. We believe the items in Essential Needs are just that: items that should be funded in order to provide maintenance and routine replacement items, achieving board goals and initiatives, and providing for critical investments. Items in the Funded but Debatable Needs category are important items that fall outside of essential needs and are up for debate on your part.

### **Conclusion:**

For the first time in three years we can see signs of our achieving financial stability and responsible stewardship. This proposed budget provides funding necessary for routine maintenance and replacement and for the opportunity to invest in our commercial community, which will further improve our economic viability and sustainability.

Eric will present enough information tonight to clarify my statements here and allow you to have a good debate about the proposed budget at your May meetings. I am sorry you did not have benefit of this message and the presented budget information prior to this meeting, but I am confident you can reach understanding and agreement on a budget during your May meetings.



Leamon Brice  
Town Manager

**Town of Davidson Board of Commissioners  
2011-2012 Goals**

**Broad Goal:**

Establish Davidson as a national model of a “Healthy Community,” with the essential components being:

- Financial stability and responsible stewardship
  - a. Ensure stability of MI-Connection
  - b. Establish sound financial policies
  - c. Investigate Capital funding
  - d. Secure funding for the second fire station
  
- Civic strength
  - a. Practice transparency
  - b. Rotate board meetings throughout town neighborhoods
  - c. Protect the integrity of our governing framework by reviewing ordinances and evaluating departmental infrastructure
  - d. Implement the comprehensive plan
  - e. Support town staff in their roles as experts in their fields
  
- Economic viability and sustainability
  - a. Implement Economic Development Plan, by identifying and encouraging:
    - Large commercial development, as measured by employment or capital investment
    - Small retail and downtown development
    - Vacancy reduction
    - Independent businesses
    - Incubator concept
    - Land rezoning and land banking, including Davidson East
    - Residential development that supports downtown retail and mass transit
    - Exit 30 development, as planned
    - An interest group for property owners and managers, supporting them as appropriate
  
- Community building and engagement
  - a. Identify and respond to opportunities to reinforce connections among:
    - Neighborhoods
    - Individuals
    - Programs
    - Activities
    - Government
  
- The enhanced physical, mental and emotional well being of our residents
  - a. Develop green initiatives for environmental sustainability
  - b. Implement mobility objectives (mass transit, sidewalks, etc.)
  - c. Identify and pursue funding to organize disparate program into one cohesive approach by establishing:
    - Baseline of health in Davidson
    - Intervening programs to improve overall health of community



**BUDGET PROCESS AND ORGANIZATION**

The budget process, by design, requires the involvement of many stakeholders. FY 2012 deliberations, detailed in the calendar below, began in December as town staff developed the Capital Improvement Plan and accompanying 5-year financial forecast. Elected officials received from town staff an assessment of the economic forces that would shape decisions for the subsequent budget year.

Town staff began internal discussions of potential changes to the town’s delivery of services in January. During February and March town staff debated merits of budget requests as final revenue projections were calculated. Cost estimates were based on historical trends or actual quotes, and expenses were grouped as recurring or nonrecurring. The manager’s recommended budget emerged as expenses were prioritized by need, alignment with board goals, and investment opportunities. The budget was largely determined by mid-April and was presented to the Board of Commissioners at their April work session. A series of public discussions ensued and on June 14, 2011 the budget was adopted by a 3-2 vote.

<b>Date</b>	<b>Day</b>	<b>Action</b>	<b>Who</b>
December 3, 2010	Fri	Prepare CIP forms, assess info needs	Grants administrator, finance director
Dec 6-31, 2010		Prepare 5-year financial forecast	Finance director
Dec 12-17, 2010		Complete project details sheets	Department heads
January 5, 2011	Wed	Distribute and review project data	Management team
Jan 5-14, 2011		Prioritize projects	Management team
January 17, 2011	Mon	Finalize CIP decisions	Town managers
Jan 17-26, 2011		Prepare CIP document and presentation	Finance director
January 25, 2011	Tues	Review 5-year financial forecast with board (2x2s)	Finance director
January 25, 2011	Tues	Review town goals with board (work session)	Town managers
January 26, 2011	Wed	Review 5-year financial forecast with dept heads	Finance director
January 28, 2011	Fri	Board mini-retreat	Town board, management team, grants administrator
January 31, 2011	Mon	Summarize CIP decisions	Finance director
February 8, 2011	Tues	Finalize continuation personnel budget	Finance director
February 9, 2011	Wed	Review CIP recommendation	Management team
February 9, 2011	Wed	Distribute budget worksheets, instructions	Finance director, department heads
February 22, 2011	Tues	Line item budget requests (incl Needs List) due to finance director	Department heads
Feb 23-Mar 4		Grants administrator and finance director review with individual department heads	Finance director, grants administrator, department heads
Mar 9, 16, 2011	2 Weds	Line item budget review/department presentation; prioritize Needs List	Management team, grants administrator

Budget calendar continued on next page

Budget calendar (continued)

<b>Date</b>	<b>Day</b>	<b>Action</b>	<b>Who</b>
March 30, 2011	Wed	Budget review	Management team
March 31, 2011	Thurs	Revenue projections firmed up; revenue neutral tax rate calc	Finance director
April 5, 2011	Tues	"Base budget" discussion (2x2s)	Town board
April 15, 2011	Fri	Manager's recommended budget finalized and ready for publication	Town manager
April 26, 2011	Tues	Manager's recommended budget presentation (incl revenue neutral discussion)	Town board
April 29, 2011	Fri	Notice of public meeting	Town clerk
May 10, 2011	Tues	Budget hearing	Town board
May 24, 2011	Tues	Budget workshop	Town board
June 3, 2011	Tues	Notice of public meeting	Town clerk
June 14, 2011	Tues	Budget adoption	Town board

**Document organization**

This document begins with the budget officer’s **budget message**. NC General Statute 159, which prescribes municipal budget activities, defines the town manager as the budget officer. The budget officer is required to submit to the board a balanced budget along with a message outlining major influences on and uses of town resources.

The budget message is followed by the **budget calendar**. This schedule provides for the reader an overview of the process used to produce the budget, and is followed by an overview of the budget document’s organization.

Moving from high level to more detailed discussion, the document reports the manner by which the budget officer has balanced each fund in the **fund overview**. Funds are balanced when revenue sources equal expenditures. **Revenue sources** describe all of the town’s major revenue sources and methods used to project revenue. An **expenditure summary** follows. This summary outlines the town’s expenditures by major category and also explains major changes in the annual spending plan. Finally all expenditures are broken out in **department summaries**, which describe notable changes from the prior year in each of the town’s cost centers.

**Appendices** at the end of the document further examine matters relevant to the town budget.

## FUND OVERVIEW

This section of the budget document provides an explanation of fund accounting, and shows the manner in which all funds collectively and individually are balanced for the coming fiscal year.

Local governments use three broad categories of self-balancing funds to budget for, and subsequently to account for, various activities. Those three types of funds are: *governmental* funds, *proprietary* funds and *fiduciary* funds.

*Governmental funds* used by the Town of Davidson include:

- General Fund, used to account for general operations and activities of the town
  - Powell Bill Fund, which is a subset of the General Fund, used exclusively for many activities related to streets, sidewalks, and greenways construction and maintenance.
- Affordable Housing Fund, a *special revenue* fund, used for a particular purpose.

*Proprietary funds* are used for services provided to the public on a user charge basis, similar to the operation of a commercial enterprise. The town's proprietary, or enterprise funds, include:

- Storm Water Fund, used repairs or damage mitigation resulting from storm water runoff
- Solid Waste Fund, used to provide collection of household trash, yard waste, fallen leaves, and recyclable materials.

The tables on the following three pages summarize revenues and expenditures for each of the five funds listed above.

**Fiscal Year 2011-2012**

	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BUDGET
<b>General Fund</b>					
<b>REVENUE</b>					
Property taxes	\$ 3,775,018	\$ 4,370,676	\$ 4,703,215	\$ 4,678,565	\$ 5,389,020
Sales Tax Revenue	1,037,033	937,163	955,574	997,930	1,030,350
Prepared foods & occupancy taxes	104,200	181,762	198,427	243,855	260,970
Utility franchise taxes	577,733	616,194	698,934	703,965	676,320
Motor vehicle taxes & fees	301,667	390,844	411,955	369,120	365,780
Charges for services	420,864	429,167	439,285	340,625	298,600
Intergovernmental	431,984	791,130	382,589	442,530	417,710
Adequate pub facilities ord proceeds	243,739	151,465	65,887	9,860	-
Contrib & private reimbursements	53,774	54,464	166,981	210,100	-
Interest On Investments	142,714	70,496	16,698	3,550	3,550
Miscellaneous	1,473,695	358,656	190,118	40,160	40,510
Other financing sources	-	-	314,000	70,000	-
Fund Balance Appropriated	-	-	-	265,438	551,169
<b>Total revenues and funding sources</b>	<b>\$ 8,562,421</b>	<b>\$ 8,352,017</b>	<b>\$ 8,543,663</b>	<b>\$ 8,375,698</b>	<b>\$ 9,033,979</b>
<b>EXPENDITURES</b>					
Governing	\$ 81,686	\$ 79,254	\$ 82,804	\$ 64,100	\$ 64,510
Administration	947,358	1,015,962	1,015,513	853,280	884,870
Legal	45,158	72,124	89,837	72,400	92,210
Buildings & grounds	199,754	210,769	185,740	171,610	260,490
Police	1,762,282	1,515,710	1,745,523	1,543,979	1,655,480
Fire	862,837	478,394	500,341	550,495	717,890
Public Works <sup>1</sup>	1,708,902	1,881,007	1,745,549	1,205,110	1,340,540
Planning	568,406	521,029	435,106	224,240	275,880
HOME consortium	-	113,368	8,595	60,439	60,439
Economic development	504,442	231,960	443,845	438,600	448,780
Travel & tourism	1,109	164,119	201,804	216,090	221,010
Recreation	1,201,860	1,194,536	556,596	400,995	416,600
Parks	-	2,169	692,293	511,070	602,160
Non-dept/service agencies	47,500	22,500	134,586	44,650	50,000
Non-dept/MI-Connection	-	-	180,189	2,018,640	1,943,120
<b>Total expenditures</b>	<b>\$ 7,931,294</b>	<b>\$ 7,502,901</b>	<b>\$ 7,906,322</b>	<b>\$ 8,375,698</b>	<b>\$ 9,033,979</b>
<b>Beginning fund balance</b>			<b>\$ 3,829,000</b>	<b>\$ 4,084,016</b>	<b>\$ 3,818,578</b>
<b>Change in fund balance</b>			<b>255,016</b>	<b>(265,438)</b>	<b>(551,169)</b>
<b>Ending fund balance</b>			<b>\$ 4,084,016</b>	<b>\$ 3,818,578</b>	<b>\$ 3,267,409</b>

<sup>1</sup> Public Works includes solid waste and stormwater program expenses through FY 2010. Both functions were reclassified into separate funds beginning in FY 2011.

**Fiscal Year 2011-2012**

	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BUDGET
<b>Powell Bill Fund</b>					
<b>REVENUE</b>					
Powell Bill Revenue	\$ 298,486	\$ 281,148	\$ 257,792	\$ 272,815	\$ 273,600
Interest-Powell Bill	500	1,500	200	300	50
<b>Total revenues and funding sources</b>	<b>\$ 298,986</b>	<b>\$ 282,648</b>	<b>\$ 257,992</b>	<b>\$ 273,115</b>	<b>\$ 273,650</b>
<b>EXPENDITURES</b>					
Engineering			\$ 37,264	\$ 30,000	\$ 10,000
Supplies & Materials	1,729	2,907	499	7,000	7,800
Maint. & Rpr., Equip.			-	500	-
Street Improvements	69,864	172,179	2,036	92,320	157,000
Street Repair/Resurfacing			-	109	3,500
Sidewalk Repair	17,010	4,025	4,145	7,500	2,500
Contracted Services	62,897	111,072	114,812	20,000	-
Debt service	92,841	92,841	92,840	92,850	92,850
<b>Total expenditures</b>	<b>\$ 244,341</b>	<b>\$ 383,024</b>	<b>\$ 251,597</b>	<b>\$ 250,279</b>	<b>\$ 273,650</b>

	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BUDGET
<b>Affordable Housing Fund</b>					
<b>REVENUE</b>					
Developer Contrib and trsfr from Gen Fd	\$ 261,490	\$ 49,597	\$ 26,510	\$ 21,595	\$ 21,600
<b>Total revenues and funding sources</b>	<b>\$ 261,490</b>	<b>\$ 49,577</b>	<b>\$ 26,510</b>	<b>\$ 21,595</b>	<b>\$ 21,600</b>
<b>EXPENDITURES</b>					
Personnel	\$ 26,498	\$ 28,876	\$ 24,191	\$ 20,095	\$ 20,100
Operating	233,393	22,320	2,318	1,500	1,500
<b>Total expenditures</b>	<b>\$ 259,891</b>	<b>\$ 51,196</b>	<b>\$ 26,509</b>	<b>\$ 21,595</b>	<b>\$ 21,600</b>

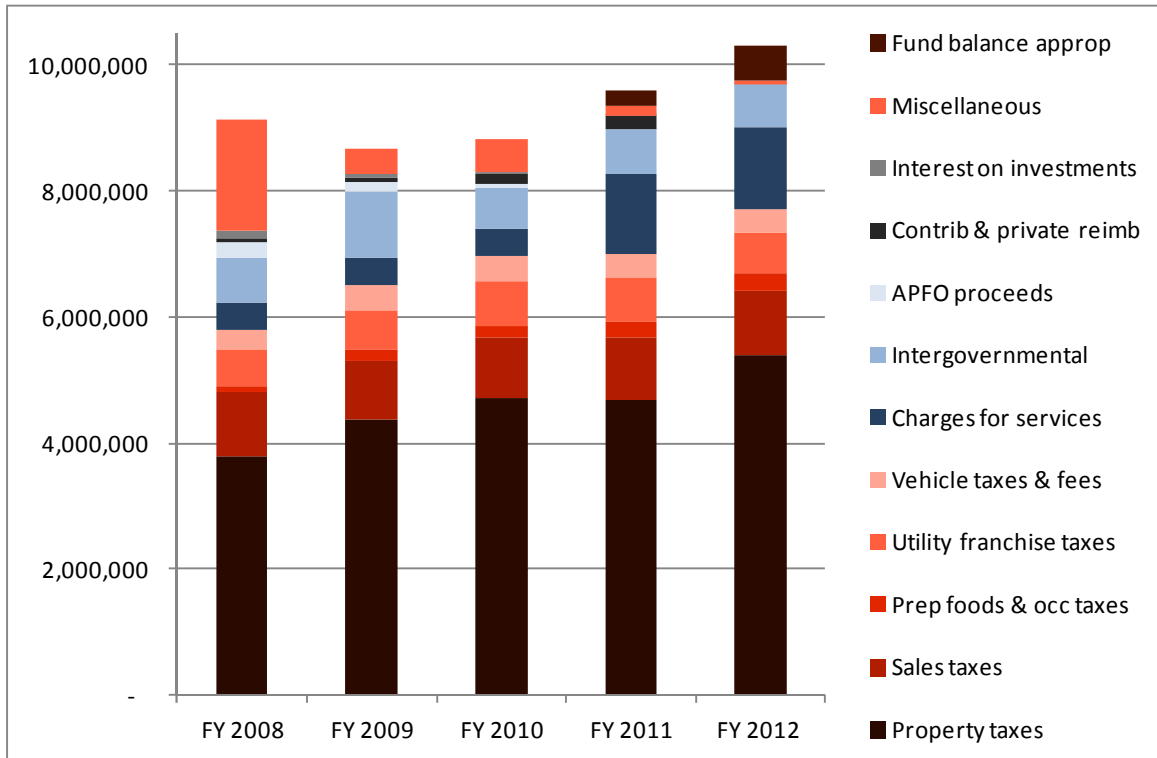
**Fiscal Year 2011-2012**

	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BUDGET
<b>Stormwater Fund</b>					
<b>REVENUE</b>					
Storm Water Fees	\$ -	\$ -	\$ -	\$ 255,740	\$ 255,740
<b>Total revenues and funding sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 255,740</b>	<b>\$ 255,740</b>
<b>EXPENDITURES</b>					
Storm Water Contract	\$ -	\$ -	\$ -	\$ 119,417	\$ 255,740
<b>Total expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 119,417</b>	<b>\$ 255,740</b>
Beginning fund balance				\$ -	\$ 136,323
Revenue over/(under) expenditures				136,323	-
<b>Ending fund balance</b>				<b>\$ 136,323</b>	<b>\$ 136,323</b>

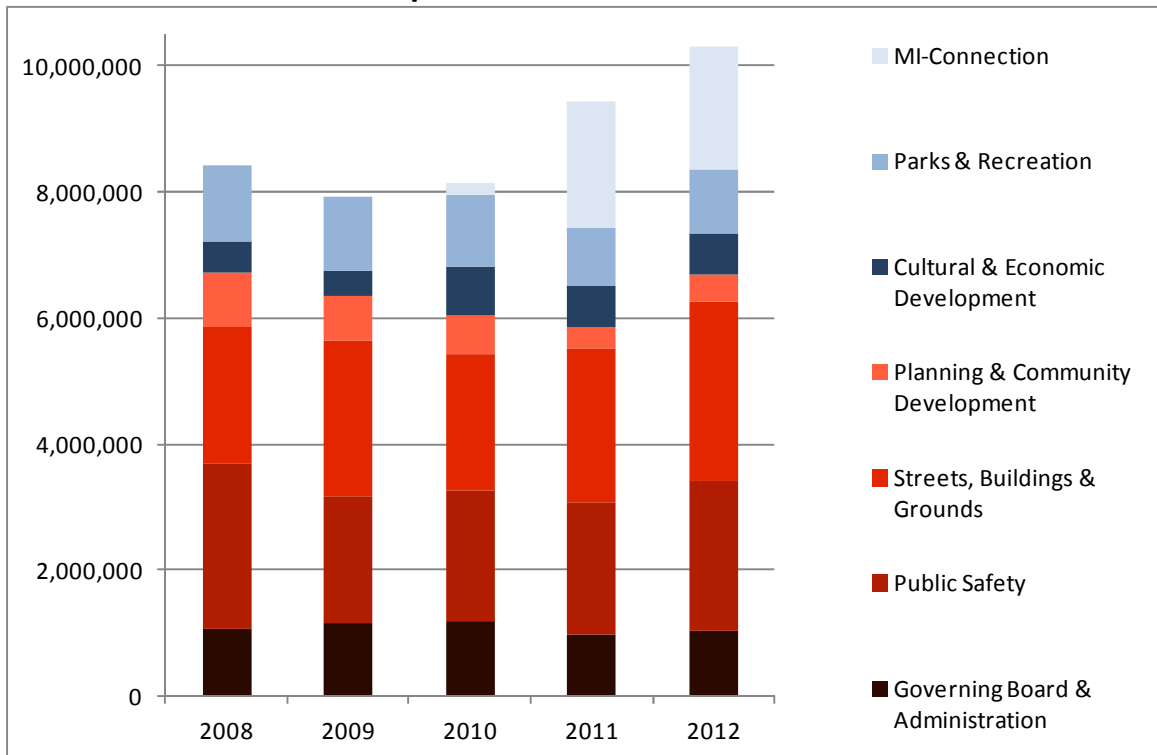
	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BUDGET
<b>Solid Waste Fund</b>					
<b>REVENUE</b>					
Solid Waste Fees	\$ -	\$ -	\$ -	\$ 665,100	\$ 729,160
Transfer from general fund			-	15,440	-
<b>Total revenues and funding sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 680,540</b>	<b>\$ 729,160</b>
<b>EXPENDITURES</b>					
Contr.Solid Waste Coll.	\$ -	\$ -	\$ -	\$ 566,100	\$ 609,000
Contracted Recyclables	-	-	-	114,440	120,160
<b>Total expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 680,540</b>	<b>\$ 729,160</b>
Beginning fund balance				\$ -	\$ -
Revenue over/(under) expenditures				-	-
<b>Ending fund balance</b>				<b>\$ -</b>	<b>\$ -</b>

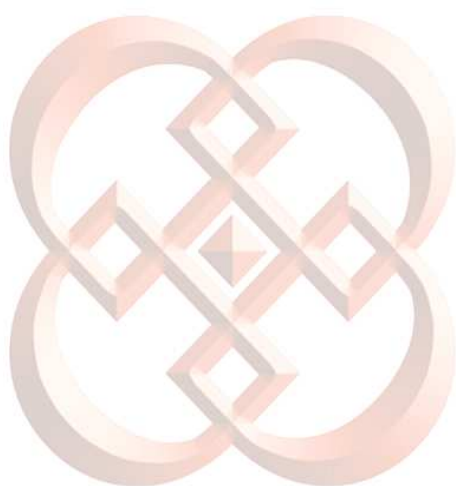
### ALL FUNDS SUMMARIES

#### All revenues and funding sources



#### All expenditures and uses of funds





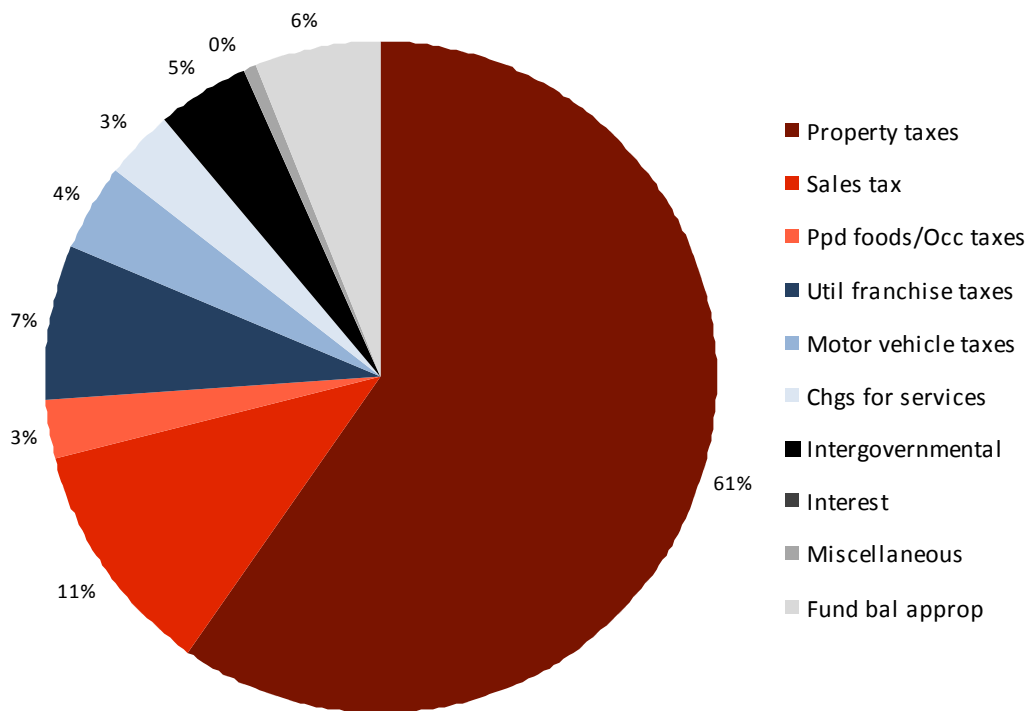
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## REVENUE SOURCES AND ASSUMPTIONS FISCAL YEAR 2011-2012

This section of the budget document provides an explanation of the major sources of revenue and means used to project anticipated income for the coming fiscal year.

### General Fund Revenue \$ 9,033,979 all sources



	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BUDGET
<b>General Fund</b>					
<b>REVENUE</b>					
Property taxes	\$ 3,775,018	\$ 4,370,676	\$ 4,703,215	\$ 4,678,565	\$ 5,389,020
Sales Tax Revenue	1,037,033	937,163	955,574	997,930	1,030,350
Prepared foods & occupancy taxes	104,200	181,762	198,427	243,855	260,970
Utility franchise taxes	577,733	616,194	698,934	703,965	676,320
Motor vehicle taxes & fees	301,667	390,844	411,955	369,120	365,780
Charges for services	420,864	429,167	439,285	340,625	298,600
Intergovernmental	431,984	791,130	382,589	442,530	417,710
Adequate pub facilities ord proceeds	243,739	151,465	65,887	9,860	-
Contrib & private reimbursements	53,774	54,464	166,981	210,100	-
Interest on investments	142,714	70,496	16,698	3,550	3,550
Miscellaneous	1,473,695	358,656	190,118	40,160	40,510
Other financing sources	-	-	314,000	70,000	-
Fund balance appropriated	-	-	-	265,438	551,169
<b>Total revenues and funding sources</b>	<b>\$ 8,562,421</b>	<b>\$ 8,352,017</b>	<b>\$ 8,543,663</b>	<b>\$ 8,375,698</b>	<b>\$ 9,033,979</b>

**Ad Valorem Taxes**

**\$ 5,389,020 or 59.7% of total general fund revenue**

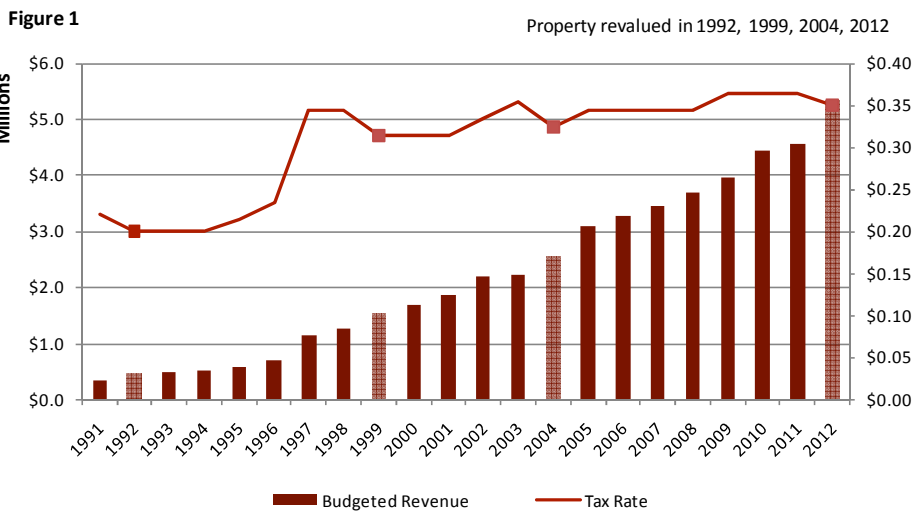
Ad Valorem tax, or property tax, income is based on the current tax rate applied to each \$100 in assessed real and personal property (excluding vehicle) value in the Town limits. Uses for general ad valorem tax revenue are unrestricted.

All property subject to the ad valorem tax was revalued effective January 1, 2011. Those values are the basis for taxes levied in August and payable before January 6, 2012 without penalty. Total property valued in this category increased 21.6% over prior year values. NCGS 159-11 requires local governments to calculate and publish a revenue neutral tax rate upon revaluation. The revenue neutral rate for FY 2012 is \$ .321. The reader should refer to appendix 4 for the revenue neutral tax rate calculation.

**The tax rate for  
FY 2012 is \$.35**

The adopted budget sets the effective tax rate at \$ .35 for FY 2012, whereas the FY 2011 tax rate was \$ .365.

The Mecklenburg and Iredell County tax offices estimate Davidson’s taxable property value to be \$ 1,556,550,900. The gross general tax levy on the estimated tax value equals \$ 5,447,928. For budgeting purposes property tax revenue may not exceed the gross tax levy multiplied by the actual collection rate experienced during the preceding fiscal year. Therefore, based on a 98% collection rate, we anticipate \$5,338,960 in revenues from the 2011 levy.



The graph to the left depicts 21 years of historical and projected general property tax revenue, along with corresponding tax rates.

Mecklenburg and Iredell Counties bill and collect property tax revenue for Davidson. The collection fee is \$2 per bill for Mecklenburg County and 1.5% of taxes collected from Iredell County property owners. Funds are wired from Mecklenburg County to the Town on a daily

basis during the months of November, December, January, and February and on a monthly basis during the remaining months. Iredell remits monthly to Davidson all property taxes collected.

**Local Option Sales Tax Revenue**

**\$ 1,030,350 or 11.4% of total general fund revenue**

Sales taxes are authorized by the state and enacted by counties which opt to impose the taxes. All sales tax revenue is collected by the state, and distributed to counties and municipalities monthly.

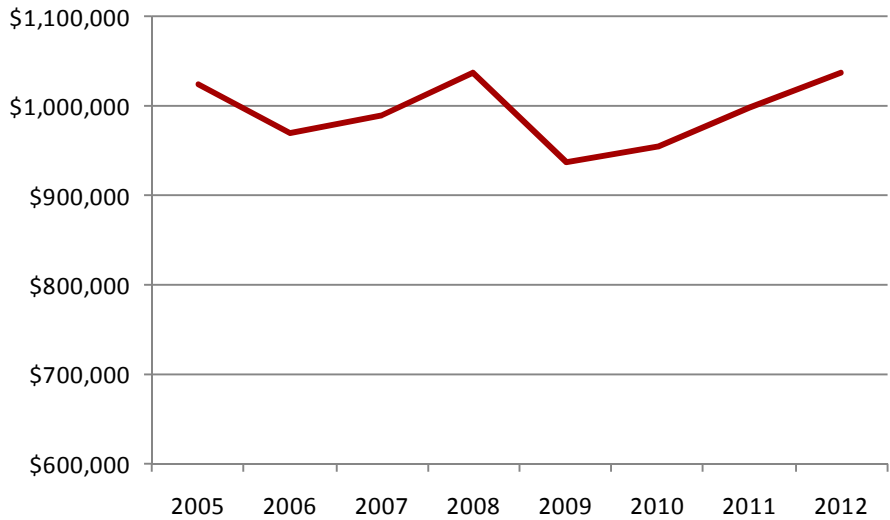
The NC General Assembly has authorized several sales taxes in Chapter 105 of the General Statutes. Three of the authorizations result in revenue for the town. The first, defined in Article 39, is a one percent sales tax that was originally authorized in 1971. Distribution is based on point of sale. All sales tax revenue from this one

percent sales tax collected in Mecklenburg County is returned to Mecklenburg County. There are two one-half percent sales taxes – one authorized in 1983 (Article 40) and one in 1986 (Article 42). The two one-half percent sales taxes are returned to Mecklenburg County on a per capita basis.

Each county chooses one of two formulae for distribution of these three authorizations of local option sales taxes. Sales taxes returned to Mecklenburg County and its municipalities are distributed proportionate to ad valorem tax levy. The proportionate share of sales tax revenues between the County and municipalities may fluctuate based on property tax rate increases in the previous year. In our case, if Mecklenburg County raises taxes significantly, as was the case in FY 2006, it is possible the county’s ad valorem tax levy would increase its share of sales tax distribution and reduce the share received by municipalities.

Iredell County, on the other hand, has elected a per capita distribution, based on relative population of incorporated and unincorporated areas within the county. Annexations by various municipalities affect this formula, reducing the county’s share as annexations occur.

Sales tax revenue estimates are based on projections from the State of North Carolina, local economic trends, and historical trend analysis. Sales tax revenue dropped precipitously in 2009 and 2010 during the recession, as depicted in the graph above.

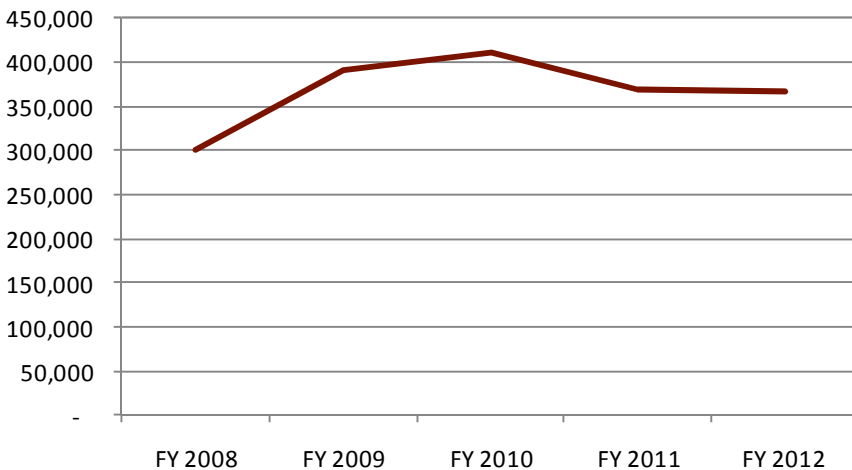


Sales tax collection increased modestly in 2011 and 2012 projected revenue returns to pre-recession levels.

**Motor Vehicle Tax and Fees**  
**\$ 365,780 or 4.0% of total general fund revenue**

Motor Vehicle tax revenue is derived by applying the ad valorem tax rate to the value of motor vehicles registered to owners living inside town limits. Revenues are collected by Mecklenburg and Iredell counties using

NC Division of Motor Vehicles (NCDMV) records. NCDMV will not renew vehicle tags if motor vehicle taxes are unpaid.



This revenue is estimated using historical trend analysis and recommendations from the Mecklenburg County and Iredell County Tax Assessors. Auto sales in the region remain low and indicate that more owners are

delaying purchase of new motor vehicles. As a result the value of vehicles registered in Davidson – and the corresponding tax revenue – has declined in the last two years, as shown in this graph.

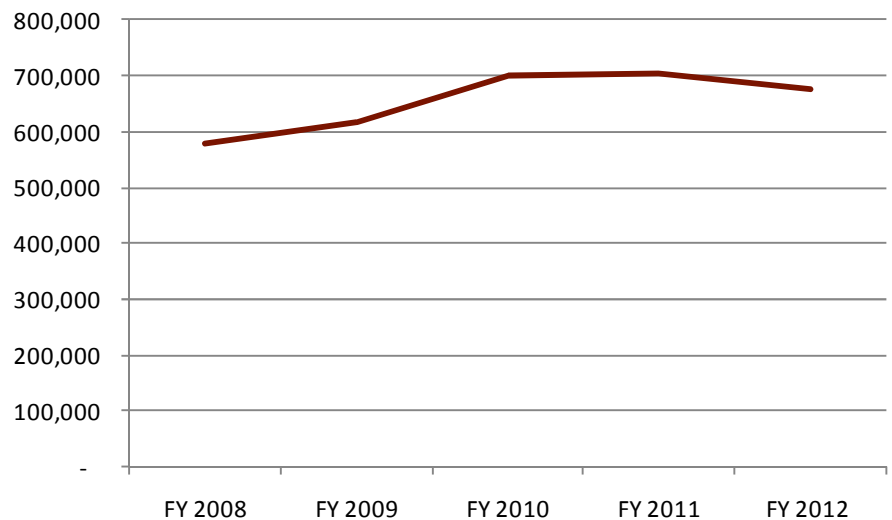
General statutes authorize maximum Motor Vehicle fees of \$20 per registered vehicle. Revenues are billed on property tax bills and collected by Mecklenburg and Iredell counties.

This revenue is estimated using historical trend analysis and recommendations from the Mecklenburg County and Iredell County Tax Assessors. Motor Vehicle tax revenue is projected lower next year because of lower overall value of vehicles. The number of vehicles subject to this fee is not expected to change. Therefore Motor Vehicle fee revenue is expected to remain flat in FY 2012.

**Utility Franchise and Telecommunications Taxes  
\$ 676,320 or 7.5% of total general fund revenue**

The town receives sales and excise taxes collected by the NC Department of Revenue on sales of telecommunications, video programming, home satellite services, electricity and piped natural gas.

Piped natural gas excise tax is collected on the number of units of gas sold whereas the electricity franchise tax is based on the actual receipts from electric service within the municipal boundaries. Both of these revenues are highly sensitive to weather and can also fluctuate due to loss of industry or other large facilities or annexations of these types of facilities.



Several years ago the State of North Carolina discontinued the franchise tax on telecommunication services and put into place a Telecommunications Sales Tax. Distributions to municipalities are based on their past share of the old telephone franchise tax. Therefore, the town continues to receive the static percentage of overall statewide collections irrespective of fluctuations in local communication sales.

In FY 2010 and early FY 2011 the town recovered approximately \$65,000 in franchise taxes that the town should have received during the prior 24 months. These distributions related to the discovery of additional properties serviced inside town limits but not formerly recognized by state officials. Going forward this discrepancy has been corrected and FY 2012 revenue is expected to fall just short of the amount received in FY 2011. Historical trend analysis and recommendations by the State of North Carolina, adjusted by local conditions, have also factored into this revenue estimate.

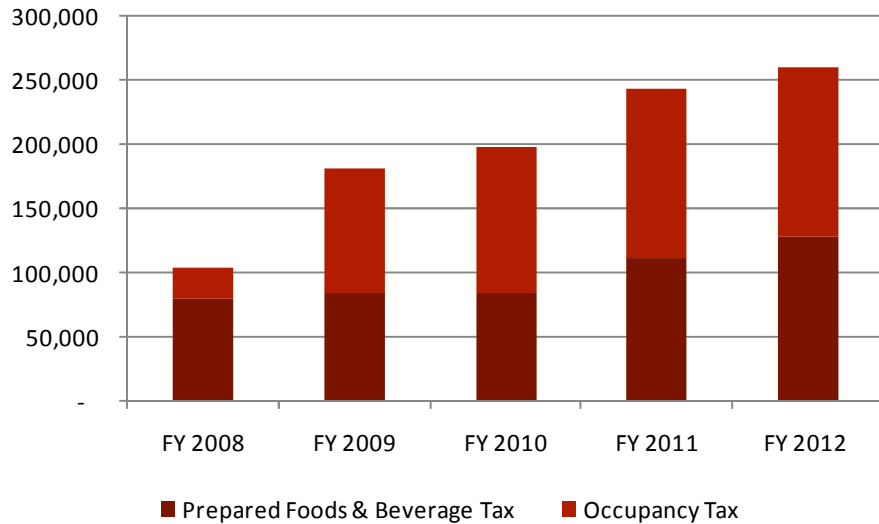
**Prepared Foods & Beverage and Occupancy Taxes  
\$ 260,970 or 2.9% of total general fund revenue**

The town is authorized to receive Prepared Foods & Beverage tax by general statutes. Only the City of Charlotte and Mecklenburg County received proceeds when this tax was first authorized in 2001. Some years later, the

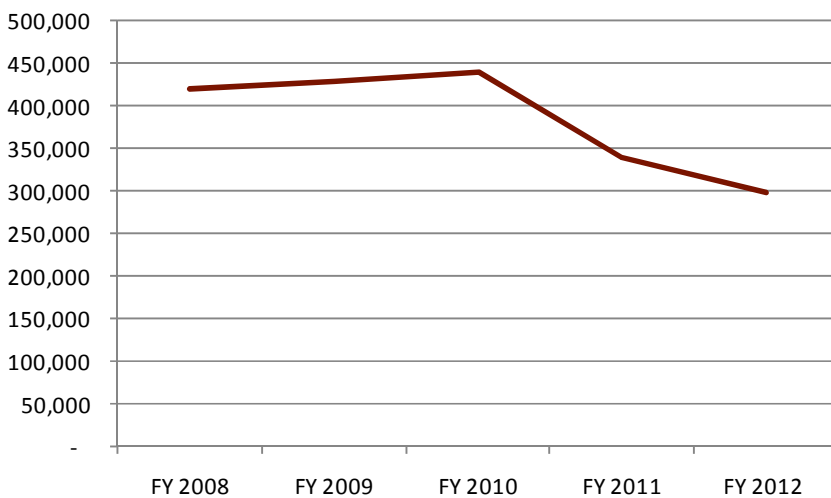
distribution was split so the six smaller Mecklenburg County municipalities received a share of those revenues generated in the town. In 2005 the six towns negotiated the removal of an annual cap so that the towns received 50% of all net proceeds. In FY 2007 the towns' share increased to 65% of net proceeds, and in FY 2012 75% of those net proceeds will be distributed to the towns. The remaining 25% will be used by the City of Charlotte for region-wide tourism related projects, programs, and activities. Art and cultural programs, events and festivals are examples of uses of this revenue. The towns' use of this revenue is limited to the same activities.

The City distributes revenues semi-annually. Twenty-five per cent of the town's Prepared Foods & Beverage tax receipts are distributed to the Lake Norman Convention and Visitor's Bureau.

Occupancy taxes are collected by Mecklenburg County and are shared between the County and the municipalities on a very complicated formula. Stays in local hotels are taxed at 6%, comprised of two 3% authorizations. The town receives 120% of the second 3% authorization that is locally collected by Davidson hotels, inns, and bed and breakfasts. Therefore this revenue, like Prepared Foods & Beverage Tax is a barometer of the local economy.



These revenue estimates are based on historical trend analysis. In FY 2009 the town realized a significant increase in this revenue coincident with the opening of a new hotel near I-77.



**Charges for Services**  
**\$ 298,600 or 3.3% of total general fund revenue**

Revenue in this category relates to a variety of town activities, such as rental income from town-owned property, recreation programs, parking violations, and permit fees. The town began offering a smaller number of recreation programs during FY 2011. Revenue effects are shown in the graph to the right, although lower revenue estimates are offset by lower program costs. The biggest change between FY 2011 and FY 2012 relates to lower rental

income from Mecklenburg County for the local branch of the county's library system. Lease payments for this

facility were equal the debt service on the building, and the debt was retired in FY 2011. Otherwise little change is anticipated for this revenue category during FY 2012.

***Intergovernmental funding sources***

***\$ 417,710 or 4.6% of total general fund revenue***

The state of North Carolina, Mecklenburg and Iredell counties, and other quasi-governmental agencies share with the town a portion of revenues collected. This funding category includes various grants and contributions for local arts and public safety, payments in lieu of property taxes, transit planning funds, and taxes on the sale of alcoholic beverages.

***Fund Balance Appropriated***

***\$ 551,169 or 6.1% of total general fund revenue***

Fund balance is essentially the town's savings account balance. There are several reasons for maintaining a healthy fund balance, which is expressed as a percent of annual expenditures. For a town the size of Davidson, the Local Government Commission (LGC) recommends a fund balance equal to 44% of the town's annual expenditures. At the beginning of FY 2011 the town's fund balance – at \$4,084,000 – equaled 48% of expenditures.

The bulk of a municipality's annual revenue is derived from ad valorem property taxes. Because property taxes are not assessed a late penalty until early January most taxpayers do not pay until near this deadline. Therefore the town may operate with less cash in the beginning of a fiscal year and recover mid-year. Fund balance provides working capital during the first half of the fiscal year.

Fund balance is often referred to as a "rainy day" fund. In this context fund balance may be seen as a hedge against unexpected changes in financial circumstances. Threats to a community's financial health may stem from adverse weather conditions requiring expensive responses or withholding of revenue at the county or state level. The town is heavily reliant on these other government units for funding disbursements, and budget uncertainties at those levels of government have led to reduced funding in prior years. A local government may be unable to manage such situations without an adequate fund balance.

Another reason to maintain a healthy fund balance is to fund the early stages of major projects until permanent financing is secured. Fund balance provides flexibility regarding timing of the financing.

One last advantage to maintaining a strong fund balance position is that lenders view this savings account as a measure of good fiscal management.

In light of these reasons, and with the town experiencing a critical financial period, a \$551,000 fund balance appropriation is necessary to balance the budget. The resulting estimated fund balance will be approximately equal to 36% of budgeted expenditures.

***Other miscellaneous sources of revenue***

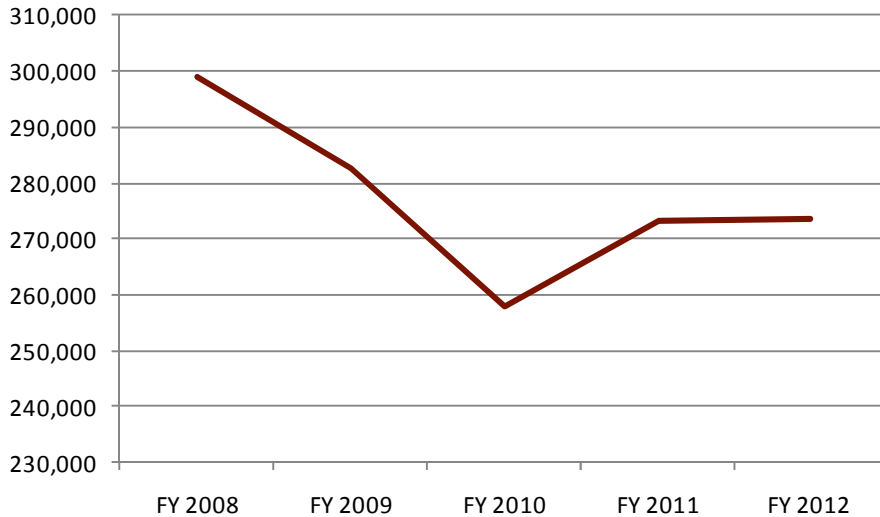
***\$ 44,060 or .5% of general fund revenue***

A handful of nominal revenue sources fund town activities.

**Powell Bill**

**\$ 273,650**

The State of North Carolina distributes annually 1¼ cents per gallon of motor fuel sold state-wide to municipalities for the upkeep of municipal streets. NCGS 136-41.1 through 136-41.4 authorize this funding. These funds are distributed each October to municipalities based on population and miles of street. Population counts for 75% of the funds received and miles of streets accounts for the remaining 25% of the allocation.



The Powell Bill distribution is based largely on the volume of motor fuel taxes collected by the State and on the value of vehicles purchased and titled in North Carolina.

Based on NC State Budget Office estimates, Davidson should receive approximately \$ 273,600 in Powell Bill funding during FY 2012. This estimate is based on a formula of \$ 19.70 per capita plus \$1,532.00 per street mile.

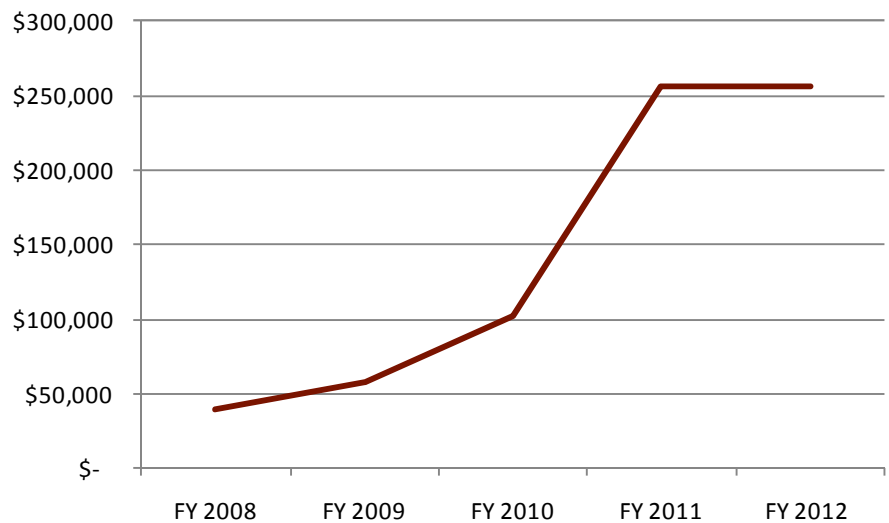
**Stormwater Fund Revenue**

**\$ 255,740**

US Congress established in 1972 the Clean Water Act to preserve and improve water quality. Portions of this legislation were delegated to states for implementation and enforcement. In response to the National Pollutant Discharge Elimination System (NPDES) stormwater permitting program, the NC General Assembly established in 2005 certain regulations of municipal storm sewer systems that directly impact Davidson. Phase II of NPDES requires that Davidson and other NC municipalities provide services to mitigate damage from storm runoff.

Davidson first adopted a stormwater fee in FY 2005 to offset the costs of stormwater repairs and maintenance of its storm drainage system. Generally speaking revenues have covered these expenses. However, in order to better associate costs with funding for this service a separate enterprise fund was established in FY 2011.

The town has adopted a tiered fee structure for stormwater. Impervious surfaces, such as



rooftops or paved areas, shed rain water and increase the amount of runoff into streams, stormwater drains and onto adjacent properties. The tiered billing system recognizes varying amounts of impervious area and assigns higher costs for higher square footage of impervious area.

Charlotte-Mecklenburg Utilities (CMU) bills stormwater fees for the town on semi-annual water/sewer bills.

There is no change in revenue from FY 2011 levels. In any given year revenues may exceed expenditures for that period and will be available for subsequent years to fund repair/maintenance projects or to stabilize rates.

**Solid Waste Fund Revenue**

**\$ 729,160**

The town provides for collection of several waste streams – residential household trash, yard waste, leaves, and recyclable materials. These services are provided exclusively to residential property owners; waste collection at commercial sites is the responsibility of those owners.

Prior to FY 2011 funding for solid waste collection was supplied through the general property tax revenue. In order to assign the costs of solid waste collection to recipients of those services, the town established a solid waste fee schedule that equals 100% of the costs associated with these services. A solid waste enterprise fund was created to account for these activities.

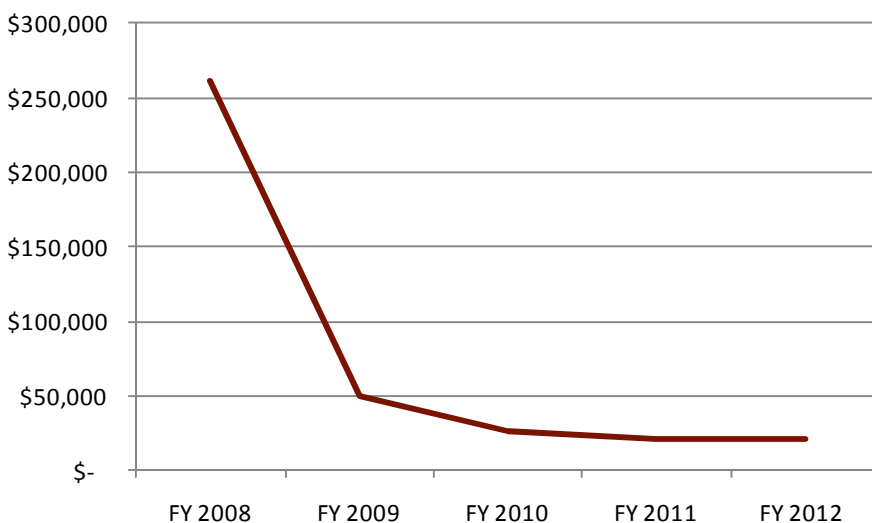
Fees are billed and collected by Mecklenburg and Iredell counties on property tax bills, and the fees are remitted to the town along with property taxes collected by the two counties.

Total revenue is slightly higher than estimated FY 2011 revenue due to higher anticipated collections in FY 2012. In any given year revenues may exceed expenditures for that period and will be available for subsequent years to stabilize rates.

**Affordable Housing Fund Revenue**

**\$ 21,600**

The town’s affordable housing program assists homebuyers in purchasing homes that might not otherwise be affordable in Davidson. The town accomplishes this mission, in part, through the staff efforts of an affordable

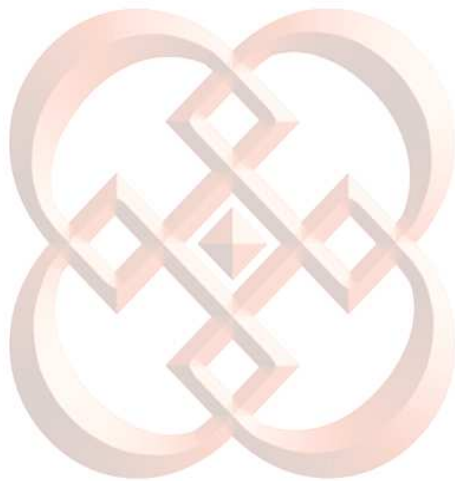


housing coordinator. The Affordable Housing Ordinance requires that developers who plan more than eight homes in a development also provide one affordable unit for every eight home sites. In some cases, if developers choose to not include affordable housing units within their developments they have an option to provide payments-in-lieu of supplying those housing units. The activities of the affordable housing program are paid from these payments-in-lieu. In the



absence of adequate payment-in-lieu reserves, funding is provided through the town's General Fund.

Affordable housing reserves are currently depleted. Therefore 100% of program funding for FY 2012 will be provided by a transfer from the General Fund.

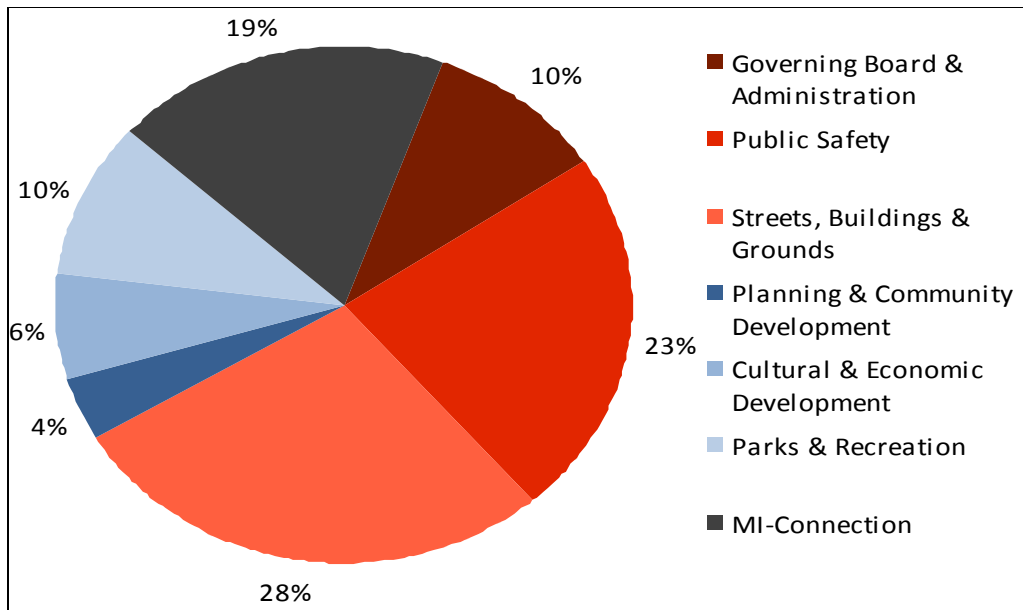


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## EXPENDITURE SUMMARY FISCAL YEAR 2011-2012

This section of the budget document provides the reader an explanation of how the town intends to use General Fund resources during the coming fiscal year. The reader should refer to department summaries for a description of Powell Bill, Stormwater, Solid Waste, and Affordable Housing expenditures.

### General Fund Expenditures \$ 9,033,979 all sources



	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BUDGET
<b>General Fund</b>					
<b>EXPENDITURES</b>					
Governing	\$ 81,686	\$ 79,254	\$ 82,804	\$ 64,100	\$ 64,510
Administration	947,358	1,015,962	1,015,513	853,280	884,870
Legal	45,158	72,124	89,837	72,400	92,210
Buildings & grounds	199,754	210,769	185,740	171,610	260,490
Police	1,762,282	1,515,710	1,563,842	1,543,979	1,655,480
Fire	862,837	478,394	500,341	550,495	717,890
Public Works <sup>1</sup>	1,708,902	1,881,007	1,745,549	1,205,110	1,340,540
Planning	568,406	521,029	435,106	224,240	275,880
HOME consortium	-	113,368	8,595	60,439	60,439
Economic development	504,442	231,960	574,418	438,600	448,780
Travel & tourism	1,109	164,119	201,804	216,090	221,010
Recreation	1,201,860	1,194,536	556,596	400,995	416,600
Parks	-	2,169	580,293	511,070	602,160
Non-dept/service agencies	47,500	22,500	134,586	44,650	50,000
Non-dept/MI-Connection	-	-	180,189	2,018,640	1,943,120
<b>Total expenditures</b>	<b>\$ 7,931,294</b>	<b>\$ 7,502,901</b>	<b>\$ 7,855,213</b>	<b>\$ 8,375,698</b>	<b>\$ 9,033,979</b>

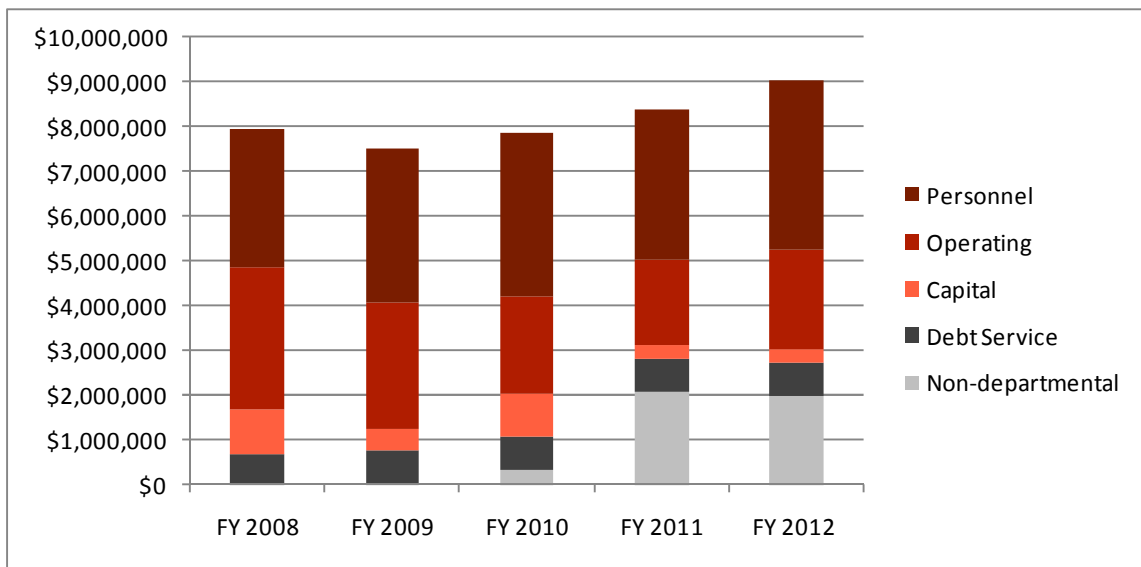
### **Expenditures by category**

*Analysis of trends and changes from prior years*

For the purposes of this discussion expenditures have been grouped into five categories:

- Personnel
- Operating
- Capital
- Debt Service
- Non-departmental

The composition of town expenditures varies by year according to available revenue, board priorities, needs, and/or opportunities. The chart below illustrates the town’s expenditures over the past 4 years and the FY 2012 Budget.



The FY 2012 budget restores funding for routine maintenance and equipment replacement. These expense categories had been deferred during the prior two fiscal years. Improving revenue conditions have allowed the town to address these matters. In addition, the budget officer crafted the FY 2012 budget to focus on the Board of Commissioners’ goals and initiatives as well as implementation of recommendations from the Comprehensive Plan, the traffic and marketing studies.

***Personnel expenditures***

***\$ 3,798,680 or 42.0% of total general fund expenditures***

Personnel expenditures include more than salaries paid to town staff. The cost of benefits paid to town employees or to third parties on behalf of town employees is also captured in this category. Benefits costs are withholding taxes, workers compensation premiums, group health insurance premiums, local government employee retirement funding, and unemployment claims.

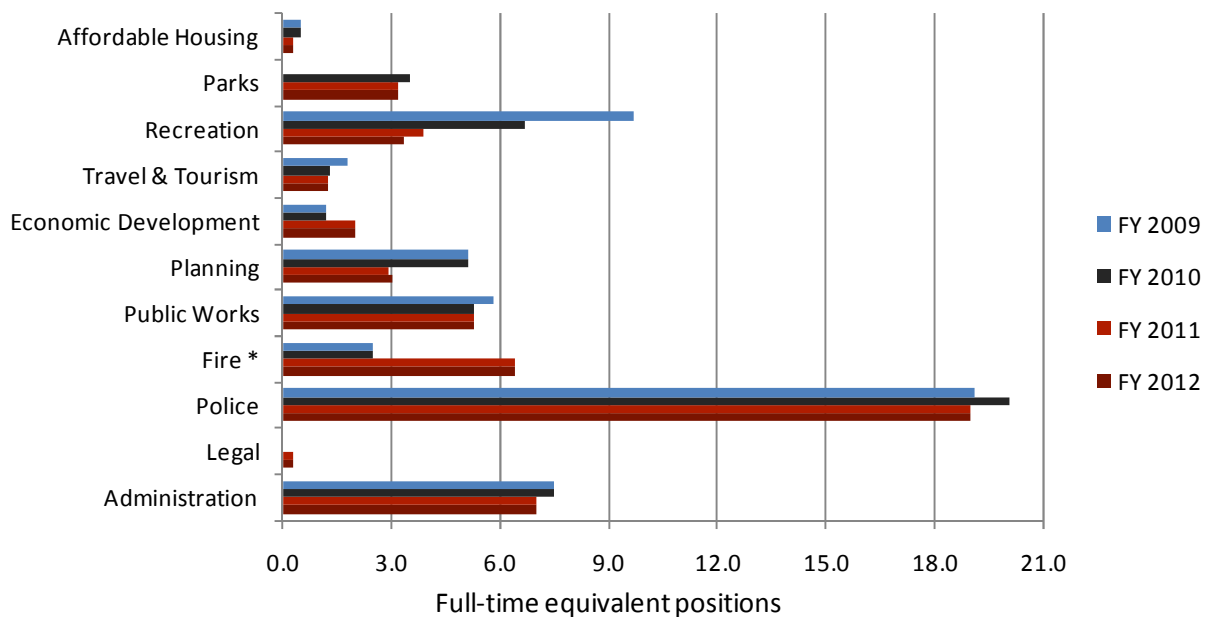
The budget officer recommended to the board additional funding for salary adjustments. The amount of the recommendation was approximately 3% of salaries and benefits. Approximately \$131,000 was also budgeted as the maximum potential unemployment claims that the town may need in the wake of layoffs associated with the FY 2011 reorganization.

**Fiscal Year 2011-2012**

In recent years the cost of providing health insurance to town employees increased by 10% to 16% each year. However, due to lower claims experienced during FY 2011 the town expects to see a slight decrease in premium cost per covered employee.

However, retirement cost per employee has increased again this year. The NC Treasurer manages the NC Local Government Employees’ Retirement System, and as with nearly all investments, the fund has suffered losses since the fall of 2008. In order to replenish the fund and cover projected costs all NC local governments are required to increase contributions by .53% over FY 2011 levels. This change will increase the town’s cost by \$6,710.

No new positions were added in the recommended budget.



**Operating expenditures**

**\$ 2,215,489 or 24.5% of total general fund expenditures**

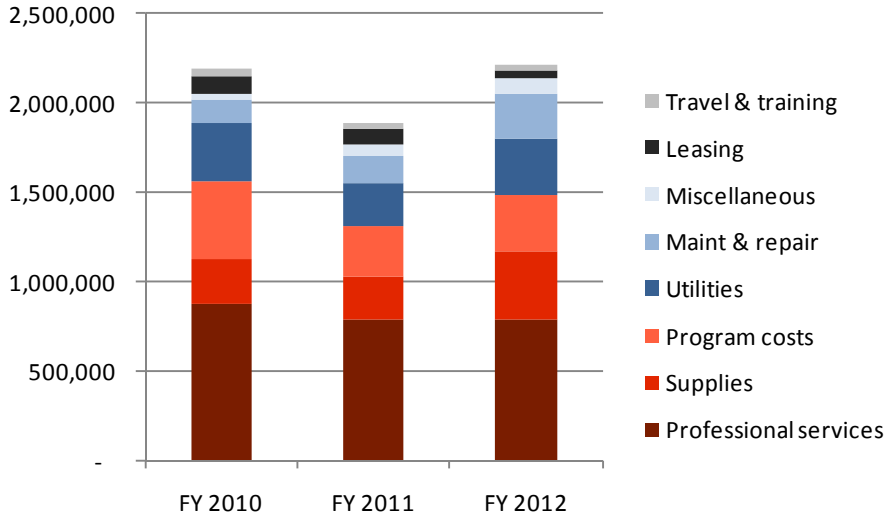
FY 2011 operating expenses for the town are estimated to total \$1.89 million, while budgeted operating costs for FY 2012 are \$2.22 million. Key components of the \$330,000 increase are:

- \$ 55,000 – purchase and installation of wayfinding signage as recommended in the recently completed marketing and parking studies
- \$ 50,000 – additional park maintenance to be used for walkway repairs, ballfield maintenance, matching funds for grant opportunities
- \$ 50,000 – sidewalk improvements
- \$ 35,000 – roof and building repairs at town hall and the public works site
- \$ 29,640 – routine replacement initiative for firefighters’ protective equipment
- \$ 25,000 – enhanced landscaping along highly visible and/or utilized town-owned properties
- \$ 25,000 – walkway repairs and parking striping as recommended in the recently completed parking study
- \$ 20,000 – study for adaptability of Davidson IB School property, conditioned upon awarded bid with Charlotte-Mecklenburg Schools
- \$ 18,250 – technology investments, both hardware and software

**Fiscal Year 2011-2012**

- \$ 15,000 – funding for victim’s advocate program (costs shared among 3 North Mecklenburg municipalities and the county)
- \$ 10,050 – additional funding for Visit Lake Norman, based on anticipated higher tourism tax receipts

The graph below depicts changes in all operating costs for fiscal years 2010 through 2012.

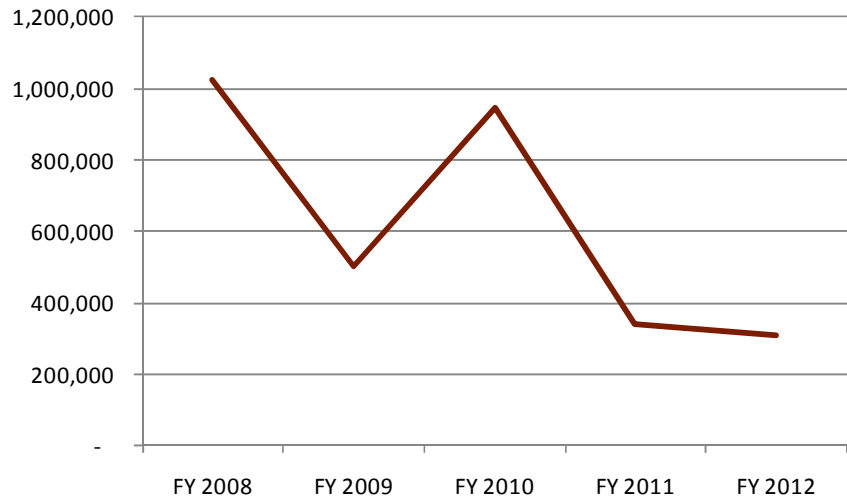


**Capital expenditures**

**\$ 308,000 or 3.4% of total general fund expenditures**

Planned capital expenditures for FY 2012 include:

- \$ 200,000 – street resurfacing (plus an additional \$157,000 in paving expenditures using Powell Bill revenue)
- \$ 70,000 – two of five patrol cars using pay-go financing (budget impact for remaining three cars will increase annual debt service requirements)
- \$ 25,000 – hydraulic tools (jaws-of-life) for fire/rescue
- \$ 13,000 – traffic signal improvements (Beaty/Griffith intersection)



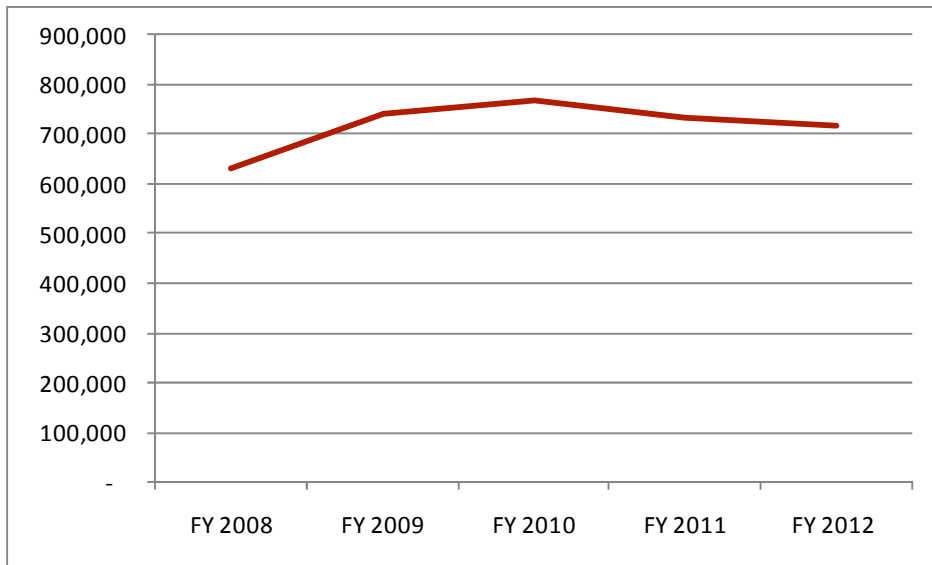
Planned capital spending still remains well below spending levels for prior years, as shown here in the line graph.

***Debt service expenditures***

***\$ 718,690 or 8.0% of general fund expenditures***

As a percentage of overall general fund expenditures, the level of debt service has remained fairly constant over the five year period beginning with FY 2007. Annual debt service requirements of the town for the fiscal years 2008 through 2012 are depicted graphically below.

The board will consider a formal debt policy during FY 2012. Factors such as the legal debt limit, debt capacity, debt per capita, and pay-go vs debt financing are all important considerations that will be examined in order to establish the town’s debt policy.



Please refer to Appendix 4 at the end of this document for a detailed listing of the town’s outstanding debt issues.

***Nondepartmental expenditures***

***Nonprofit funding***

***\$ 50,000 or .6% of general fund expenditures***

Nonprofit funding increased slightly to \$50,000 for FY 2012.

***Contribution to MI-Connection***

***\$ 1,943,120 or 21.6% of general fund expenditures***

The FY 2012 contribution to MI-Connection totals \$ 1,943,120, which is a slight decrease from \$ 2,018,940 paid in FY 2011.

## DEPARTMENT SUMMARIES

Department, or cost center, summaries are ordered by functional area.

### **Town Administration**

**Governing Board**

**Administration**

**Legal**

**Buildings and Grounds**

### **Public Safety**

**Police**

**Fire**

### **Public Infrastructure and Environment**

**Public Works**

**Powell Bill**

**Stormwater**

**Solid Waste**

### **Cultural and Community**

**Planning**

**Economic Development**

**Travel and Tourism**

**Recreation**

**Parks**

**HOME Funds**

**Affordable Housing**

### **Nondepartmental**

**Nonprofit Service Agencies**

**MI-Connection**



## Governing Board

**Overview:**

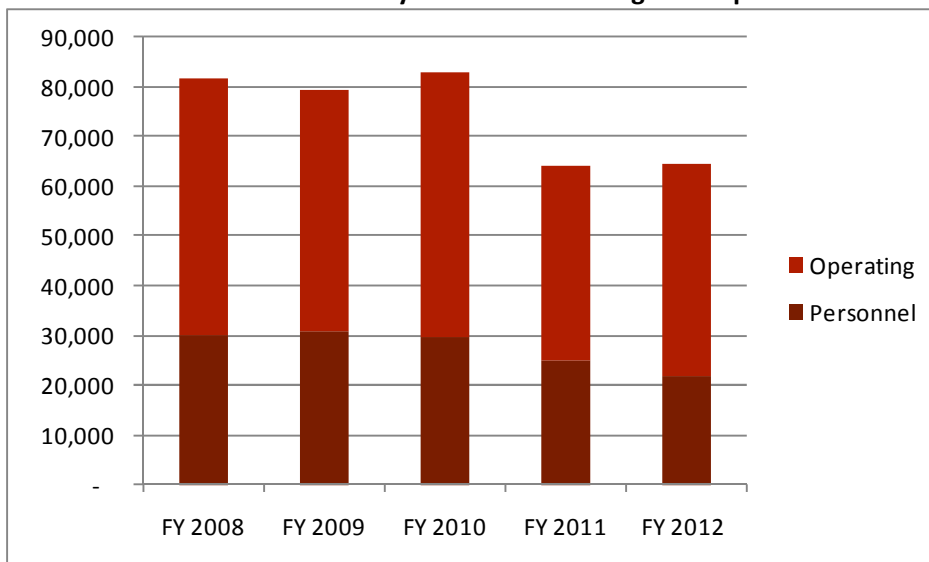
The town’s governing board is comprised of a non-voting mayor and 5 commissioners elected at large every two years. The mayor pro tem is elected by the commissioners at their December meeting following Election Day.

In January 2011 the board established several overarching biennial goals to communicate their priorities and guide decisions. Those goals, reported on page 8 of this document, provide a road map for town staff for the next two years.

**Notable changes:**

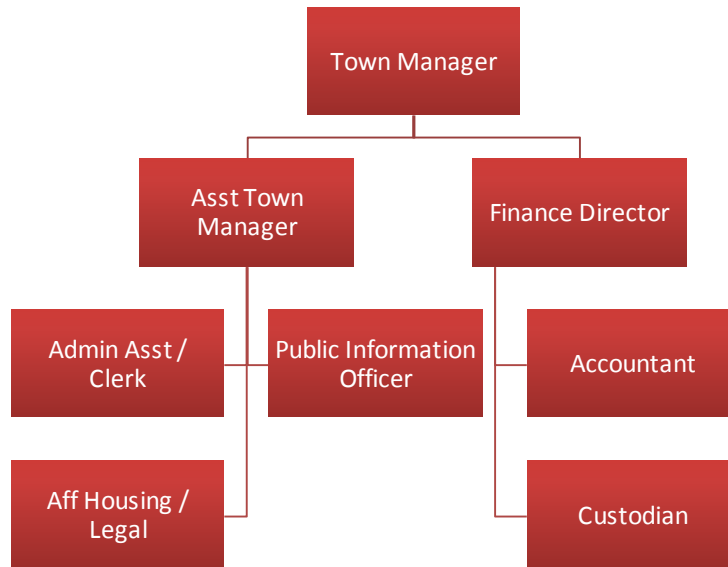
- \$ (7,150) – 25% reduction in compensation for elected officials
- \$ (7,145) – FY 2010 charitable donation, non-recurring, from direct contribution to the town for a specified use
- \$ (3,450) – lower training expenses required for second year of term for newly elected officials

**GOVERNING BOARD: Five year actual and budgeted expenditures**



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	BUDGET
Personnel	30,194	30,891	29,813	25,120	21,740
Operating	51,492	48,363	52,991	38,980	42,770
<b>Total</b>	<b>81,686</b>	<b>79,254</b>	<b>82,804</b>	<b>64,100</b>	<b>64,510</b>

**Town Administration**



**Overview:**

The town’s Administration department provides a channel for communication to and from town hall, guidance to town staff, and support for the various functions of the organization.

The Town Manager works at the pleasure of the town board and, along with the Assistant Town Manager, recommends policy to the Board of Commissioners. It is this management team’s responsibility to implement adopted goals and policies. An Administrative Assistant to the town managers provides human resources services to all staff members as well as serving as clerk to the elected board. The Public Information Officer (PIO) is responsible for communications to and from the town. The PIO also implements several recommendations of the Marketing and Branding study. The Affordable Housing Coordinator assists homeowners and developers participating in the town’s Affordable Housing program. The Affordable Housing Coordinator also supplies legal support to town staff.

The Finance Director focuses on strategic finance and budget initiatives. The town’s Accountant is responsible for keeping financial records, processing transactions, and reconciling bank statements. The Custodian provides housekeeping services at town hall and the Public Works and Parks & Recreation offices.

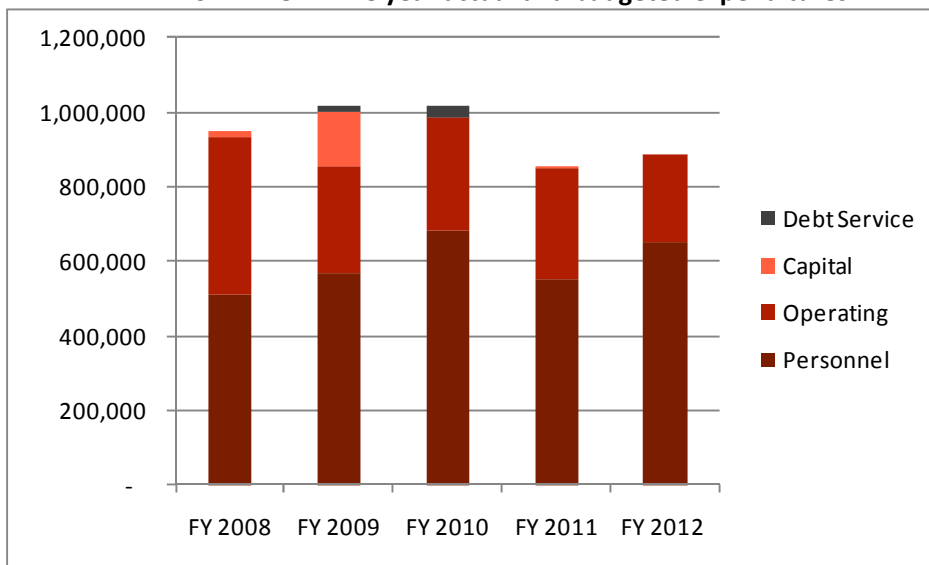
	FT	PT	FY 2009	FY 2010	FY 2011	FY 2012	Chg FY 2012/ FY 2011
Administration	6	2	7.5	7.5	7.0	7.0	0.0
	6	2	7.5	7.5	7.0	7.0	0.0

\* Does not include FTE for Affordable Housing Coordinator/Legal services

**Notable changes:**

- A full-time accountant was hired in July 2011 following a twelve-month search. Salary and benefits therefore were not paid for this position during FY 2011 estimate. However, expenses for a contract position were incurred. This cost is captured as an “operating” rather than “personnel” expense for the year in the graph and table, below. The full cost of the position is reflected in the FY 2012 budget.
- 3% salary adjustment is included in the FY 2012 budget. Actual distribution of the adjustment will vary from the budget.
- \$ 26,260 – maximum unemployment benefit liability that the town may incur

**ADMINISTRATION: Five year actual and budgeted expenditures**



	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ESTIMATE</b>	<b>BUDGET</b>
Personnel	511,371	567,613	682,565	550,115	648,550
Operating	419,447	289,097	300,858	300,765	236,320
Capital	16,540	142,896	2,104	2,400	-
Debt Service	-	16,356	29,986	-	-
<b>Total</b>	<b>947,358</b>	<b>1,015,962</b>	<b>1,015,513</b>	<b>853,280</b>	<b>884,870</b>

**Legal**

**Overview:**

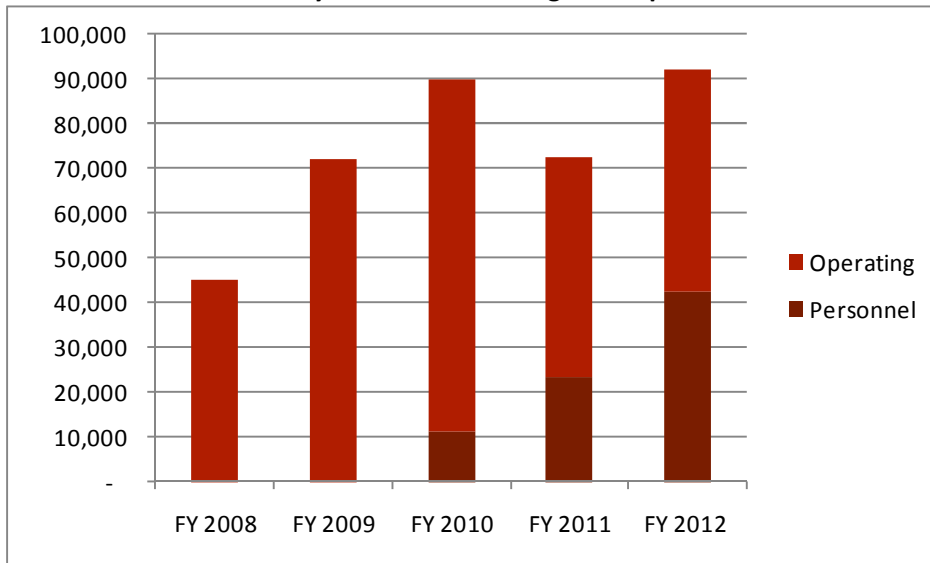
Richard Kline is the town attorney and he works for the Board of Commissioners. Cindy Reid, who also fills the role of Affordable Housing Coordinator, is the town’s staff legal counsel.

	<u>FT</u>	<u>PT</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Chg FY 2012/ FY 2011</u>
Legal	0	0	0.0	0.0	0.3	0.3	0.0
	0	0	0.0	0.0	0.3	0.3	0.0

**Notable changes:**

- The town’s staff attorney splits her time between general legal services and the town’s Affordable Housing Program as needed. Billable hours for FY 2011 fell short of the original budget estimate. The FY 2012 budget reflects the full potential cost of staff attorney’s legal services.
- 3% salary adjustment is included in the FY 2012 budget. Actual distribution of the adjustment will vary from the budget.

**LEGAL: Five year actual and budgeted expenditures**



	<u>FY 2008</u> <u>ACTUAL</u>	<u>FY 2009</u> <u>ACTUAL</u>	<u>FY 2010</u> <u>ACTUAL</u>	<u>FY 2011</u> <u>ESTIMATE</u>	<u>FY 2012</u> <u>BUDGET</u>
Personnel	-	-	11,126	23,400	42,610
Operating	45,158	72,124	78,712	49,000	49,600
Capital	-	-	-	-	-
Debt Service	-	-	-	-	-
<b>Total</b>	<b>45,158</b>	<b>72,124</b>	<b>89,837</b>	<b>72,400</b>	<b>92,210</b>

## Buildings and Grounds

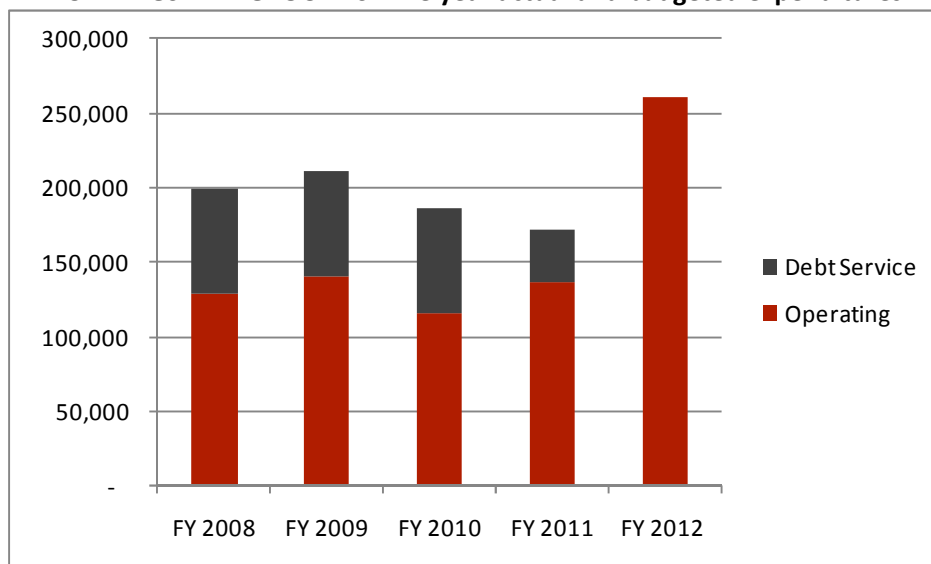
**Overview:**

Expenditures charged to Buildings and Grounds include utilities, property insurance, and repairs/improvements to town owned equipment and structures.

**Notable changes:**

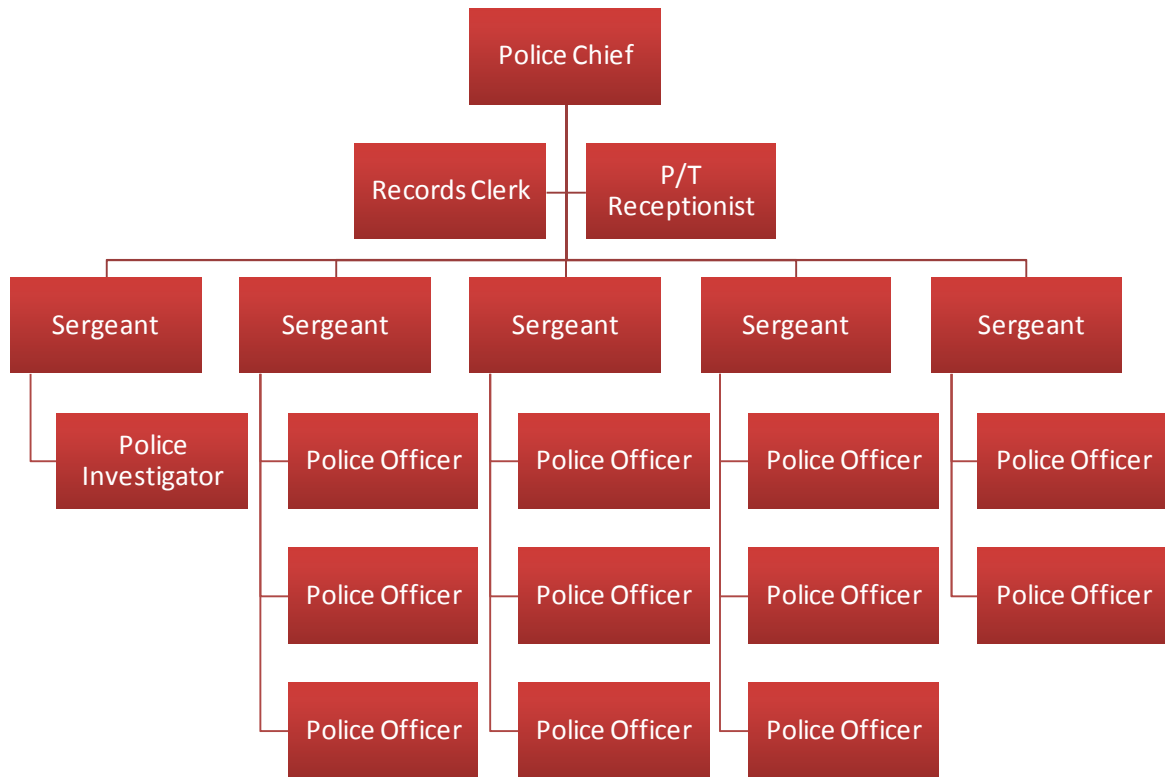
- \$ 50,000 – anticipated cost of utilities should the town be awarded its bid to occupy the Davidson IB School. This increased cost is offset by an equivalent reduction in Parks & Recreation rent through an existing lease agreement.
- \$ 20,000 – preliminary architectural/engineering services to assess full potential use of Davidson IB School
- \$ 20,000 – roof repairs at town hall
- \$ 15,000 – pedestrian improvements/signage as recommended in the 2011 parking study
- \$ 39,650 – contingency funds to be used for unexpected expenditures
- \$(35,300) – retired debt for community library

**BUILDINGS AND GROUNDS: Five year actual and budgeted expenditures**



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	BUDGET
Operating	129,317	140,332	115,304	136,310	260,490
Debt Service	70,437	70,437	70,437	35,300	-
<b>Total</b>	<b>199,754</b>	<b>210,769</b>	<b>185,740</b>	<b>171,610</b>	<b>260,490</b>

**Police**



**Overview:**

Beginning in 2007 the Police department embarked on a major initiative to become an accredited agency through the Commission on Accreditation for Law Enforcement Agencies (CALEA) in order to adopt best practices in law enforcement and improve its services to the community. Award of the full certification is anticipated in August 2011.

The agency aligns itself with town values by employing a community-oriented and problem-solving style of policing that emphasizes relationship building between the officers and the community.

In order to maximize the agency’s effectiveness and efficiency sworn officers are cross trained to process all but the most serious crime scenes and conduct investigations without relying on specialists.

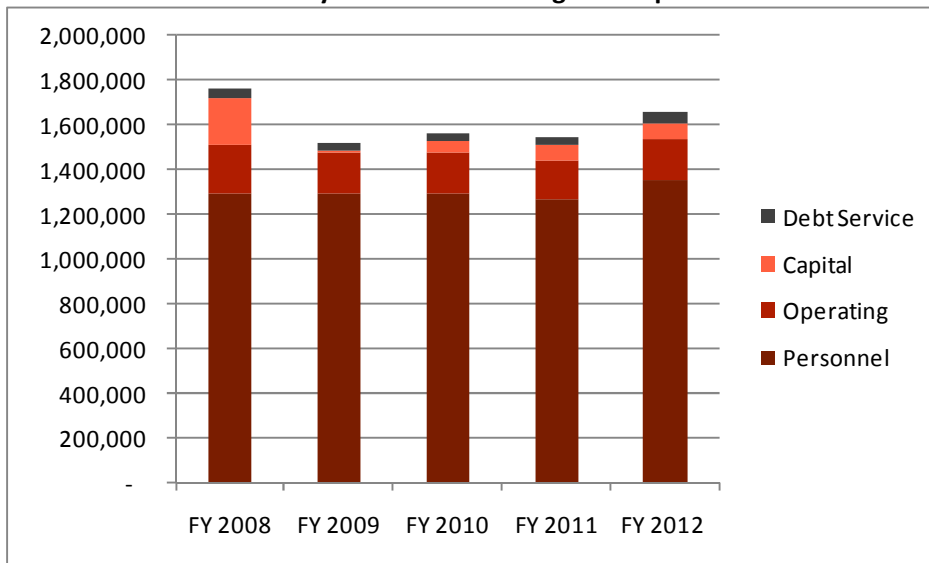
Visitors to town hall are routed to the Police department as the first point of contact for all of the town’s business.

	<u>FT</u>	<u>PT</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Chg FY 2012/ FY 2011</u>
Police	20	1	19.1	20.1	19.0	19.0	0.0
	20	1	19.1	20.1	19.0	19.0	0.0

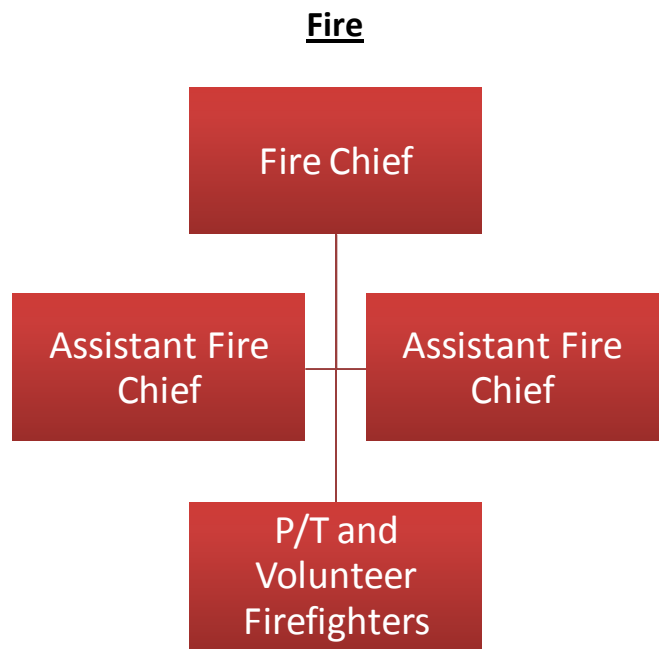
**Notable changes:**

- \$ 86,360 – purchase of five fully equipped police cruisers. Two vehicles will be financed from general operating budget and the remaining three will be debt-financed. Replaced models will be sold at auction.
- 3% salary adjustment is included in the FY 2012 budget. Actual distribution of the adjustment will vary from the budget.
- \$ 15,000 – victim’s advocate funding, shared with the towns of Cornelius and Huntersville and Mecklenburg County

**POLICE: Five year actual and budgeted expenditures**



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	BUDGET
Personnel	1,293,123	1,290,021	1,292,772	1,271,270	1,358,220
Operating	215,800	189,038	181,723	169,100	178,900
Capital	209,277	1,651	54,347	68,609	70,000
Debt Service	44,083	35,000	35,000	35,000	48,360
<b>Total</b>	<b>1,762,283</b>	<b>1,515,710</b>	<b>1,563,842</b>	<b>1,543,979</b>	<b>1,655,480</b>



**Overview:**

Since 1933 the town has funded the operation of a fire department historically staffed by volunteers. Providing funds for adequate staffing is one of the town’s more pressing issues. Recent attrition of volunteers has required the town to hire trained firefighters from neighboring career departments to supplement volunteer staff. These paid firefighters work part-time schedules for the Davidson Fire Department to protect Davidson residents and their properties.

Another decision facing the town’s board is provision of fire protection services to property located inside town limits but further than 5 miles from the nearest fire station. In order for homeowners to retain property insurance against fire damage, Insurance Service Office ( ISO) requires a fire station for the easternmost portion of town. The town continues to consider alternatives, including long-term contracts with neighboring departments for fire protection services and the construction/staffing/equipping of a second fire station.

The mission of the department is:

- To protect the lives and property of the citizens of the Town of Davidson and North Star Fire District in Mecklenburg County by responding to fire and rescue emergencies.
- To reduce and control fire loss through a comprehensive program of fire prevention, fire education and fire suppression.
- To perform rescue and first response medical services for life threatening emergencies in order to protect our citizens.

	FT	PT	FY 2009	FY 2010	FY 2011	FY 2012	Chg FY 2012/ FY 2011
Fire	0	0	2.5	2.5	6.4	6.4	0.0

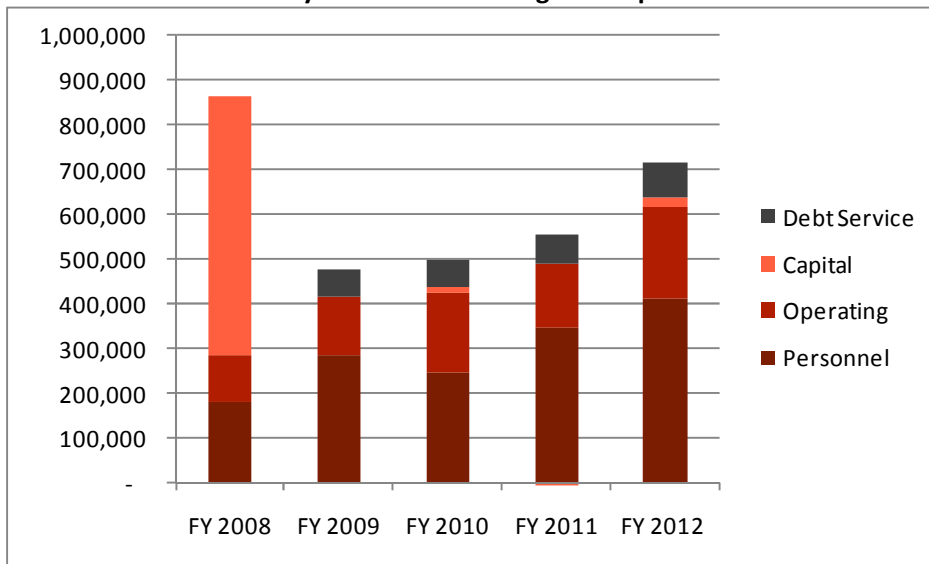
\* Does not include volunteer firefighters



**Notable changes:**

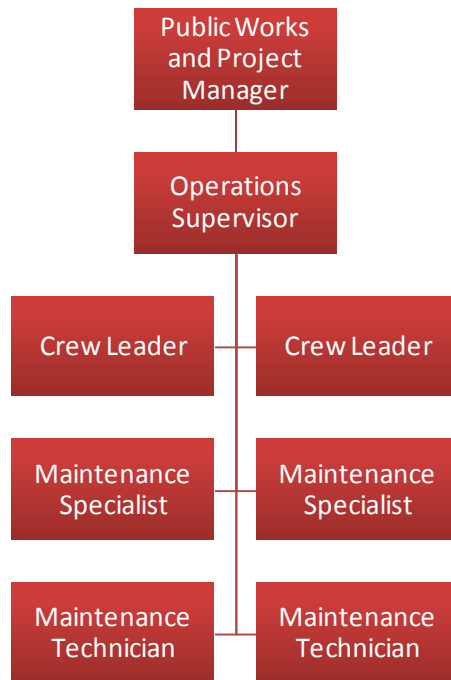
- \$ 10,000 – additional incentive pay for volunteer firefighters. No other change in personnel expense budget from the prior year. Actual salaries for paid part-time firefighters were lower than budgeted in FY 2011 as more hours than anticipated were staffed using volunteers.
- \$ 25,620 – first year of funding for routine replacement of protective personal equipment, including provision for additional recruits
- \$ 25,000 – replacement purchase, jaws-of-life hydraulic equipment
- \$ 20,780 – cost of physical exams/blood tests as recommended by NFPA
- \$ 14,460 – debt service for purchase of self-contained breathing apparatus (total cost estimate is \$175,000)
- \$ 14,040 – additional cost of worker’s compensation insurance premium

**FIRE: Five year actual and budgeted expenditures**



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	BUDGET
Personnel	180,394	286,388	246,017	346,640	411,080
Operating	104,457	128,292	179,323	143,360	203,630
Capital	577,985	-	11,286	(3,220)	25,000
Debt Service	-	63,714	63,714	63,715	78,180
<b>Total</b>	<b>862,836</b>	<b>478,394</b>	<b>500,341</b>	<b>550,495</b>	<b>717,890</b>

**Public Works**



**Overview:**

Public Works maintains all town owned property and infrastructure, including

- 8 parks and ball fields
- approximately 40 miles of streets, including snow and ice abatement during inclement weather
- 3.5 miles of greenways
- several miles of storm drains
- 3,000 trees
- Sidewalks and curbs

Public Works staff is also responsible for working with public and private developers prior to and during construction by coordinating projects with town staff, utility providers and NCDOT. This department oversees landscaping, streetscaping, and sidewalk repairs in town. The manager and supervisor also oversee contract services for lawn mowing, solid waste management and leaf collection.

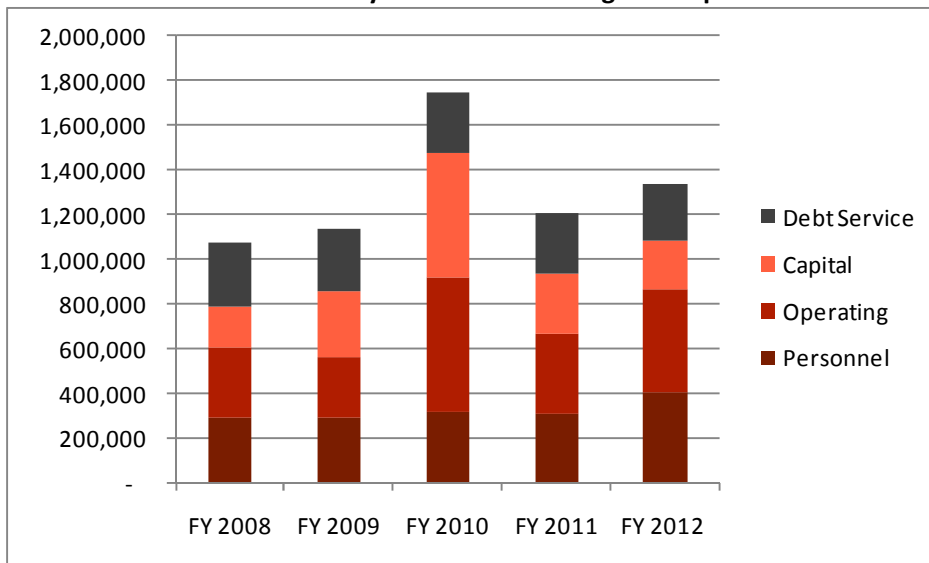
	<u>FT</u>	<u>PT</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Chg FY 2012/ FY 2011</u>
Public Works	5	0	5.8	5.3	5.3	5.3	0.0

\* 2.75 FTE's are allocated to either Parks or Travel & Tourism

**Notable changes:**

- \$ 52,520 – maximum unemployment benefit liability that the town may incur
- \$ 37,090 – staffing cost budgeted at 100% (lapsed salaries reduced estimated FY 2011 expenses)
- \$ 25,000 – increased landscaping improvements
- \$ 15,000 – building repairs at public works site
- \$ 13,000 – Griffith and Beaty Streets traffic light improvement
- \$ 11,200 – anticipated 20% increase in fuel cost
- \$ 10,000 – striping and minor improvements for downtown parking

**PUBLIC WORKS: Five year actual and budgeted expenditures**



	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ESTIMATE</b>	<b>BUDGET</b>
Personnel	289,769	296,531	317,038	311,290	404,680
Operating	313,091	266,040	598,865	357,420	463,680
Capital	186,153	297,320	558,652	272,200	213,000
Debt Service	284,786	278,036	270,993	264,200	259,180
<b>Total</b>	<b>1,073,799</b>	<b>1,137,927</b>	<b>1,745,549</b>	<b>1,205,110</b>	<b>1,340,540</b>

## Powell Bill

**Overview:**

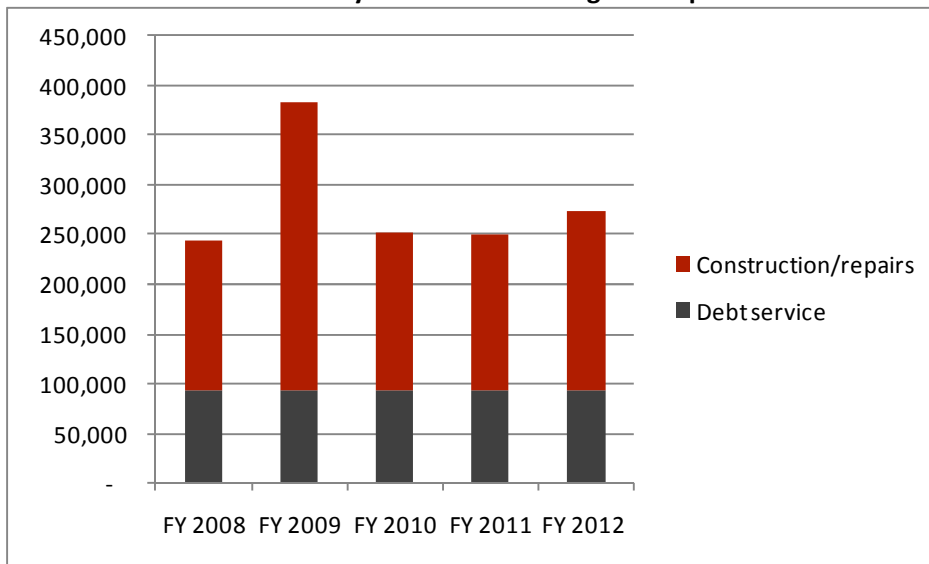
Annual Powell Bill distributions, described on page21, are restricted in their use. Municipalities must use funds only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets; or for planning, construction, and maintenance of bikeways and sidewalks along public streets and highways.

Expenditures are managed by the Public Works and Project Manager.

**Notable changes:**

- No change from the prior year

**POWELL BILL: Five year actual and budgeted expenditures**



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	BUDGET
Construction/repairs	151,500	290,183	158,757	157,429	180,800
Debt service	92,841	92,841	92,840	92,850	92,850
<b>Total</b>	<b>244,341</b>	<b>383,024</b>	<b>251,597</b>	<b>250,279</b>	<b>273,650</b>

## Stormwater

### **Overview:**

US Congress established in 1972 the Clean Water Act to preserve and improve water quality. Portions of this legislation were delegated to states for implementation and enforcement. In response to the National Pollutant Discharge Elimination System (NPDES) stormwater permitting program, the NC General Assembly established in 2005 certain regulations of municipal storm sewer systems that directly impact Davidson. Phase II of NPDES requires that Davidson and other NC municipalities provide services to mitigate damage from storm runoff. Davidson adopted an offsetting stormwater fee in 2009 to pay for repair projects.

Repairs may improve drainage, restore driveways and sidewalks, or fill sinkholes. The Public Works and Project Manager receives complaints, assesses damage, and determines the appropriate response needed. Annual recommended funding levels are based on the projects to be completed during the year.

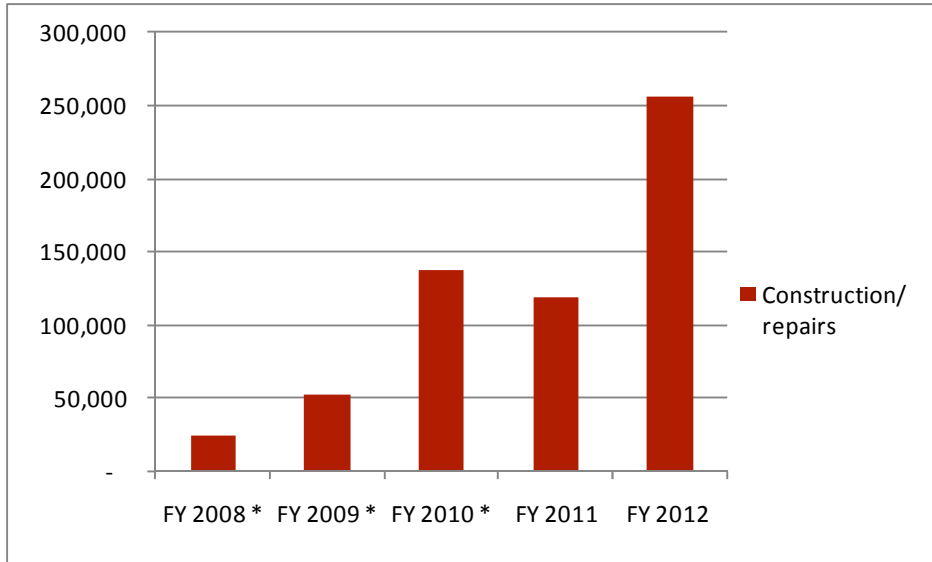
Prior to FY 2011 the expenses and revenues associated with stormwater activities were included in the General Fund operating budget. However, expenses and fee revenue was reclassified in FY 2011 as a separate enterprise fund in order to isolate dedicated revenues and accompanying expenditures. In any given year revenues may exceed expenditures for that period and will be available for subsequent years to fund repair/maintenance projects or to stabilize rates.

Expenditures are managed by the Public Works and Project Manager.

**Notable changes:**

- No change from the prior year

**STORMWATER\*: Five year actual and budgeted expenditures**



	FY 2008 *	FY 2009 *	FY 2010 *	FY 2011	FY 2012
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	BUDGET
Construction/ repairs	24,529	52,596	138,110	119,417	255,740
<b>Total</b>	<b>24,529</b>	<b>52,596</b>	<b>138,110</b>	<b>119,417</b>	<b>255,740</b>

\* prior to FY 2011 stormwater expenses were included in the Public Works budget. This depiction is intended for comparative illustrative purposes.

## Solid Waste

**Overview:**

A private contractor provides for town residents the disposal of household solid waste, yard/landscape debris, recycling, and leaf collection. The current five-year contract expires in 2013. Contract terms and service provision are revisited annually to incorporate any desired changes. Charges for these services may change annually based on changes in the Consumer Price Index (CPI) or, more importantly, as changes occur in the volume and composition of solid waste from the town's residents.

Residents living in single family homes place household waste in rollout carts and recycling in bins for weekly curbside pickup. Yard debris and bagged leaves are also collected curbside on a weekly basis. Residents living in multi-family communities may dispose of waste and recyclable materials in either rollout bins and/or large dumpsters. Collection occurs either once or twice weekly depending on volume.

Commercial waste disposal is not provided by the town.

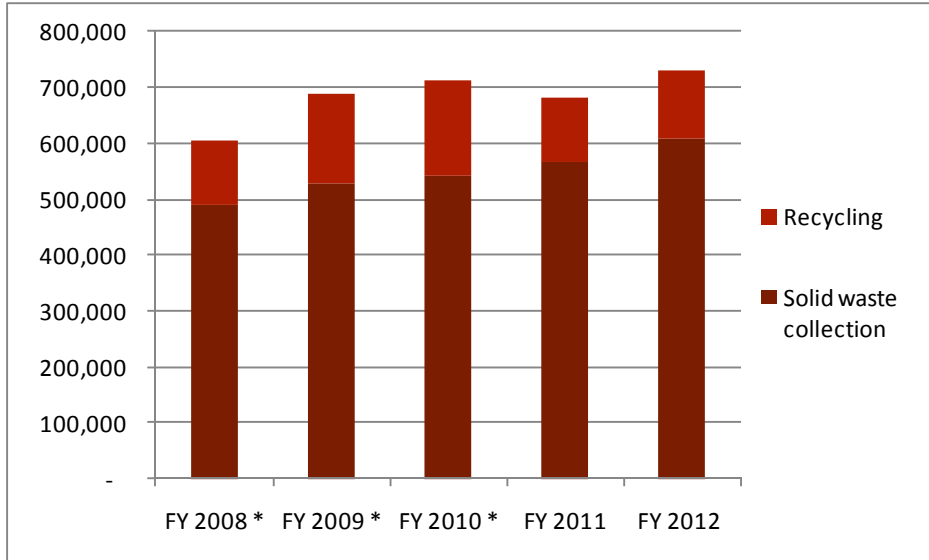
Formerly included in the General Fund operating budget as a separate cost center, Solid Waste has been established as a separate enterprise fund in order to isolate dedicated revenues and accompanying expenditures. In any given year revenues may exceed expenditures for that period and will be available for subsequent years to fund unanticipated service costs, such as fuel surcharges, or to stabilize rates.

Expenditures are managed by the Public Works and Project Manager.

**Notable changes:**

- No significant change from the prior year

**SOLID WASTE\*: Five year actual and budgeted expenditures**



	<b>FY 2008 *</b>	<b>FY 2009 *</b>	<b>FY 2010 *</b>	<b>FY 2011</b>	<b>FY 2012</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ESTIMATE</b>	<b>BUDGET</b>
Solid waste collection	489,202	529,329	540,955	566,100	609,000
Recycling	113,497	158,143	171,750	114,440	120,160
<b>Total expenditures</b>	<b>602,699</b>	<b>687,472</b>	<b>712,705</b>	<b>680,540</b>	<b>729,160</b>

\* prior to FY 2011 solid waste expenses were included in the Public Works budget. This depiction is intended for comparative illustrative purposes.



**Planning**



**Overview:**

The Planning department ensures that proposed development conforms to the Planning Ordinance. This work involves review of master plans, site plans, and building construction documents; building permit issuance; amending and updating the Planning Ordinance; and long-range strategic planning for land use and transportation.

In addition to the conventional tasks associated with a planning department, the Planning Manager and her staff implement recommendations of the Comprehensive Plan. This report in its final form reflects the work of 120+ volunteers and staff members over a 24-month period. Future development in the town will be shaped by the recommendations of the plan.

Mapping and other GIS activities emanate from the Planning department. Compliance with sign and appearance ordinances is another responsibility of planning staff. Finally, the department administers the town’s APFO by communicating its requirements to developers.

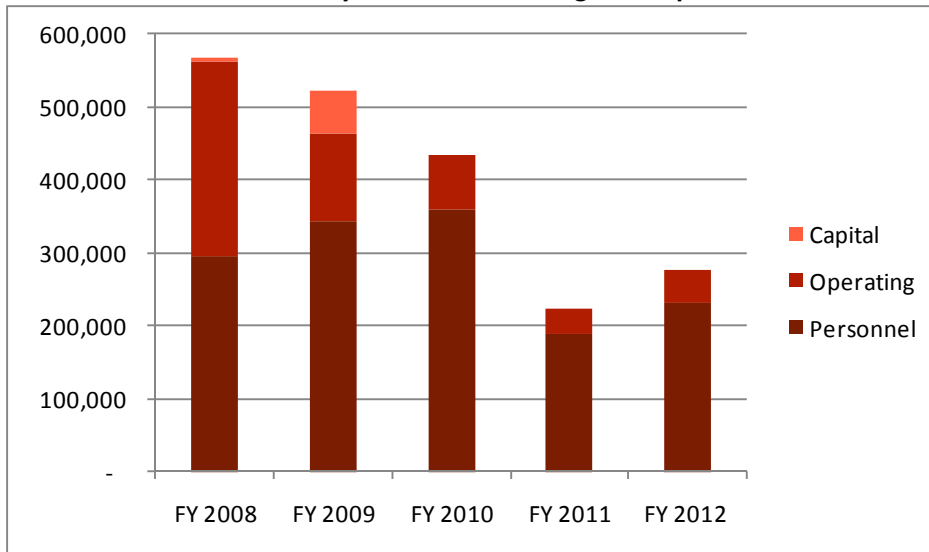
The town’s Grant Writer, also assigned to the Planning department, works with all town staff as needed to identify, make application for, and administer federal, state, and local grant opportunities.

	<u>FT</u>	<u>PT</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Chg FY 2012/ FY 2011</u>
Planning	4	1	5.1	5.1	2.9	3.0	0.1
	4	1	5.1	5.1	2.9	3.0	0.1

**Notable changes:**

- \$ 26,260 - maximum unemployment benefit liability that the town may incur
- \$ 11,380 – increased personnel cost to adjust .75 FTE Planner position to 1.00 FTE
- \$ 5,000 – provides available match funding for health assessment
- \$ 2,000 – Red line bike/pedestrian plan (partner with North Meck municipalities)
- \$ 2,000 – wide monitor and software required by Meck County LUESA

**PLANNING: Five year actual and budgeted expenditures**



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	BUDGET
Personnel	294,361	343,247	358,231	189,930	232,350
Operating	267,262	120,860	76,875	34,310	43,530
Capital	6,783	56,922	-	-	-
<b>Total</b>	<b>568,406</b>	<b>521,029</b>	<b>435,106</b>	<b>224,240</b>	<b>275,880</b>

## Economic Development



**Overview:**

The Economic Development department responds to the board’s goal of economic viability and sustainability. This department works with the Planning department to execute recommendations from the Comprehensive Plan. Working together with the Public Works department and the public information officer, staff members working in Economic Development also execute recommendations from the Parking Study and the Marketing & Branding Study, completed in FY 2011 and FY 2010, respectively.

In brief, the purpose of this department is to shepherd developers through the town’s design and planning processes, which have been considered as barriers to entering Davidson. The town has long been committed to recruiting investment in its downtown through its Downtown Manager. The Economic Development team is expected to produce a strategic economic development plan that will increase the proportion of Davidson’s commercial property value – and tax revenue – relative to residential property value.

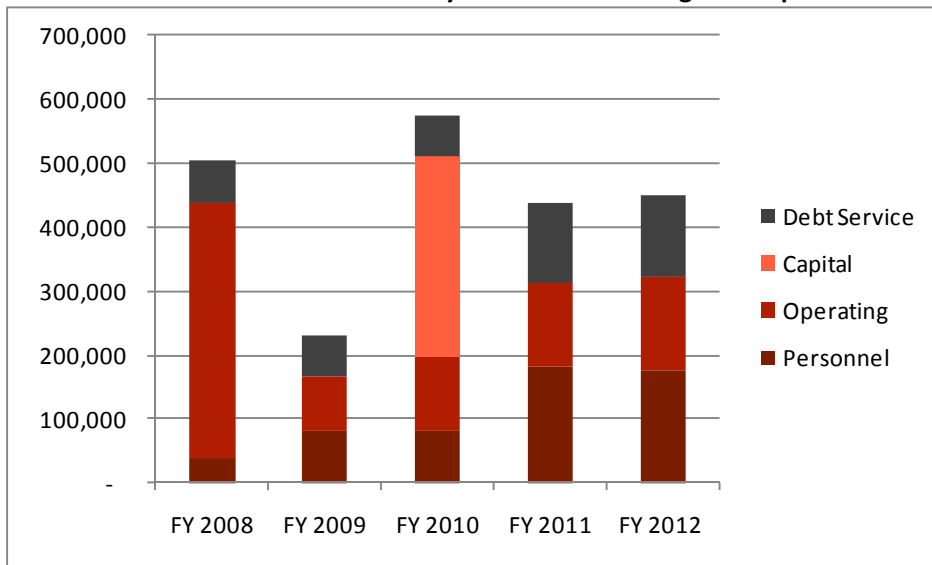
Having been designated in FY 2010 as an NC Main Street community, Davidson will continue to attract visitors to the historic downtown through a variety of community events. The Downtown Manager oversees the town’s major events – Christmas in Davidson, April Is For Arts, Town Day, and Concerts on the Green.

	<u>FT</u>	<u>PT</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Chg FY 2012/ FY 2011</u>
Economic Development	1	0	1.2	1.2	2.0	2.0	0.0
	1	0	1.2	1.2	2.0	2.0	0.0

**Notable changes:**

- \$ 55,000 – wayfinding signage for pedestrian and motorist parking
- \$ 13,030 – maximum unemployment benefit liability that the town may incur
- \$ (29,020) – nonrecurring expense for paid lobbyist
- \$ (20,000) – nonrecurring parking study

**ECONOMIC DEVELOPMENT\*: Five year actual and budgeted expenditures**



	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BUDGET
Personnel	39,341	80,205	79,973	182,930	174,960
Operating	398,632	87,361	117,572	130,320	148,350
Capital	-	-	314,556	-	-
Debt Service	66,469	64,393	62,317	125,350	125,470
<b>Total</b>	<b>504,442</b>	<b>231,959</b>	<b>574,418</b>	<b>438,600</b>	<b>448,780</b>

**Debit Service includes:**

- Beatty Street acquisition
- Verhoeff Bridge payment
- Brookwood loan payment

## Travel and Tourism

### Overview:

Personnel expenditures in Travel and Tourism relate to positions that are formally organized in other town departments. Those positions, and the corresponding percentages of the full cost, are:

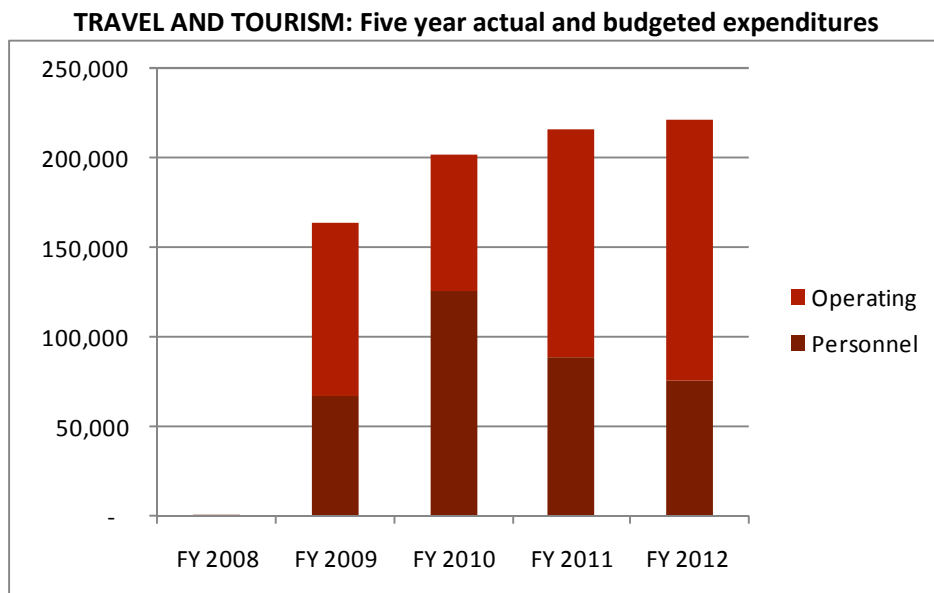
- Athletics Supervisor (25%) for oversight of minor events in the town
- Maintenance Specialist (25%) representing the maintenance activities concentrated in the downtown district and also set up and cleanup activities from events
- Police Officer (100%) representing law enforcement activities concentrated in the downtown district

Other expenditures charged to Travel and Tourism include direct costs of two downtown events (July 4<sup>th</sup> and Town Day), financial support of Visit Lake Norman, and a trash compactor used exclusively for downtown activities and businesses.

	<u>FT</u>	<u>PT</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Chg FY 2012/ FY 2011</u>
Travel & Tourism	0	0	1.8	1.3	1.3	1.3	0.0
	0	0	1.8	1.3	1.3	1.3	0.0

### Notable changes:

- \$ 15,130 – increased funding from Occupancy and Prepared Foods taxes reserved for Visit Lake Norman



	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>ESTIMATE</u>	<u>BUDGET</u>
Personnel	1,109	67,574	126,186	88,950	75,890
Operating	-	96,544	75,618	127,140	145,120
<b>Total</b>	<b>1,109</b>	<b>164,118</b>	<b>201,804</b>	<b>216,090</b>	<b>221,010</b>

### Recreation



**Overview:**

Davidson’s Recreation department is rooted in the pursuit of physical well-being of town residents. The department is charged with developing programs to improve and enhance physical well being of town residents. The expression of this goal is programming focused on youth and adult athletics, summer camps, fitness and nutrition programs. Programs are geared to attract the highest level of participation among Davidson residents.

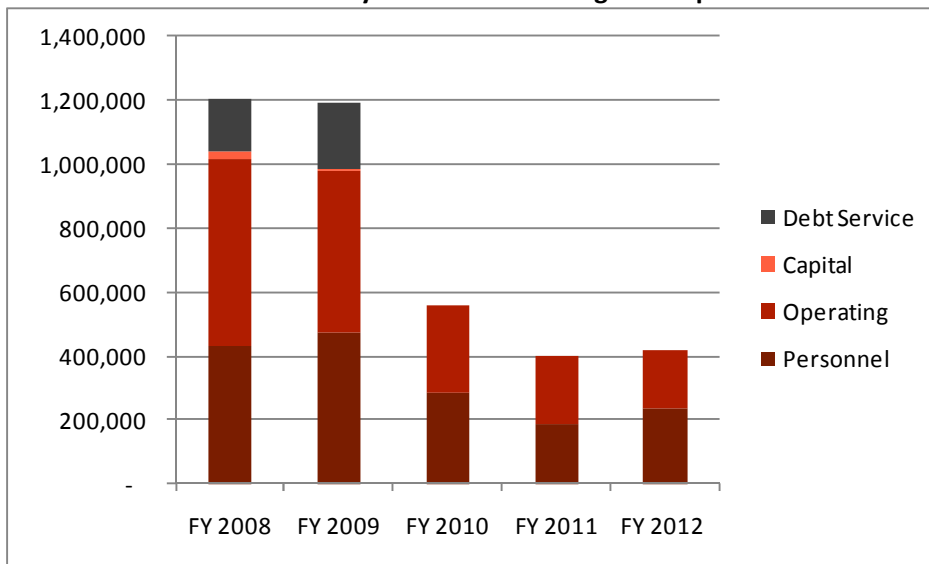
Personnel expenditures in Recreation also include part-time Recreation Assistants to support department programs, as needed. Fifty percent of the cost for the P&R Manager and 25% of the Athletics Supervisor’s cost are expensed in either Parks or Travel & Tourism.

	<u>FT</u>	<u>PT</u>	<u>FY 2009</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Chg FY 2012/ FY 2011</u>
Recreation	7	11	9.7	3.9	2.85	(1.05)
	7	11	9.7	3.9	2.85	(1.05)

**Notable changes:**

- \$ 32,630 – In late FY 2011 a Healthy Living & Wellness Supervisor position was filled. Salary and benefits budgeted in FY 2011 were not expended and are not reflected in the FY 2011 estimate. The full cost of the position is reflected in the FY 2012 budget.
- 3% salary adjustment is included in the FY 2012 budget. Actual distribution of the adjustment will vary from the budget.
- \$ 13,130 – maximum unemployment benefit liability that the town may incur
- \$ (10,130) – lower anticipated program costs based on FY 2011 estimates.
- \$ (46,760) – no lease expense budgeted for current Parks & Recreation location based on anticipated lease of Davidson IB Middle School. Utility and related expenses are captured in the Buildings and Grounds budget.

**RECREATION\*: Five year actual and budgeted expenditures**



	<b>FY 2008 *</b>	<b>FY 2009 *</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ESTIMATE</b>	<b>BUDGET</b>
Personnel	428,975	470,826	284,240	187,330	236,150
Operating	583,481	508,840	272,356	213,665	180,450
Capital	25,270	3,452	-	-	-
Debt Service	164,133	211,419	-	-	-
<b>Total</b>	<b>1,201,859</b>	<b>1,194,537</b>	<b>556,596</b>	<b>400,995</b>	<b>416,600</b>

\* prior to FY 2010 Parks and Recreation were budgeted together in one cost center

## Parks

**Overview:**

Expenditures charged to Parks include grounds and facility management at the town’s eight park sites and debt service for park land purchased in prior years.

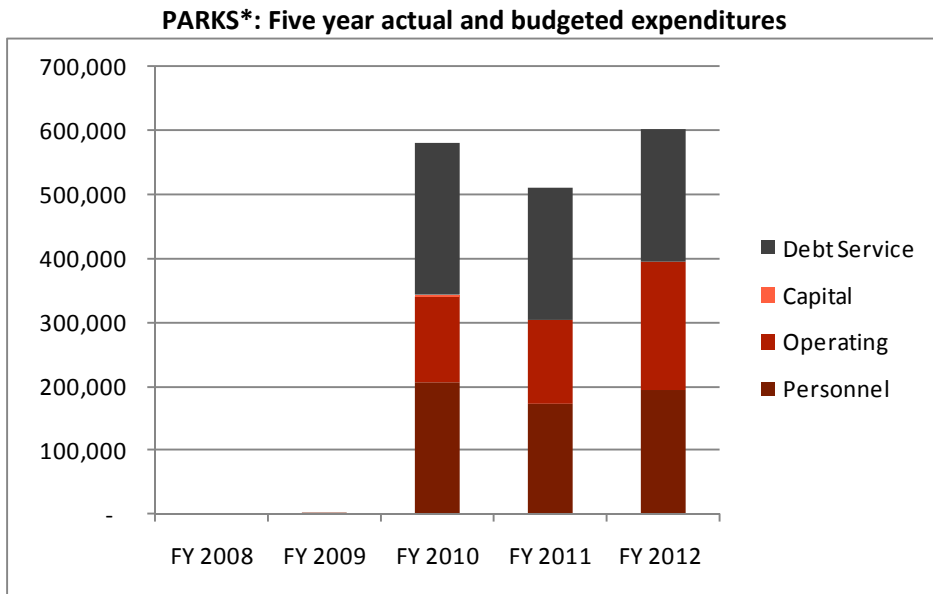
Personnel expenditures in Parks relate to positions that are formally organized in other town departments. Those positions, and the corresponding percentages of the full cost, are:

- Parks & Recreation Manager (50%)
- Operations Supervisor (50%), Crew Leader (100%), Maintenance Technician (100%) representing Public Works staff dedicated to maintaining town parks

	<u>FT</u>	<u>PT</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Chg FY 2012/ FY 2011</u>
Parks	0	0	0.0	3.5	3.2	3.2	0.0
	0	0	0.0	3.5	3.2	3.2	0.0

**Notable changes:**

- \$ 50,000 – park and greenway improvements
- \$ 28,300 – realignment of utility and lawn maintenance expenses associated with town parks, offset by reduction in Public Works and Buildings & Grounds budgets
- \$ 22,040 – net increase in personnel expenses over FY 2011 estimate based on 100% staffing during FY 2012





**Fiscal Year 2011-2012**

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	<b>FY 2008 *</b>	<b>FY 2009 *</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ESTIMATE</b>	<b>BUDGET</b>
Personnel	-	2,169	207,477	172,150	192,450
Operating	-	-	133,762	130,110	202,210
Capital	-	-	3,288	-	-
Debt Service	-	-	235,767	208,810	207,500
<b>Total</b>	-	<b>2,169</b>	<b>580,293</b>	<b>511,070</b>	<b>602,160</b>

\* prior to FY 2010 Parks and Recreation were budgeted together in one cost center

## HOME Funds

**Overview:**

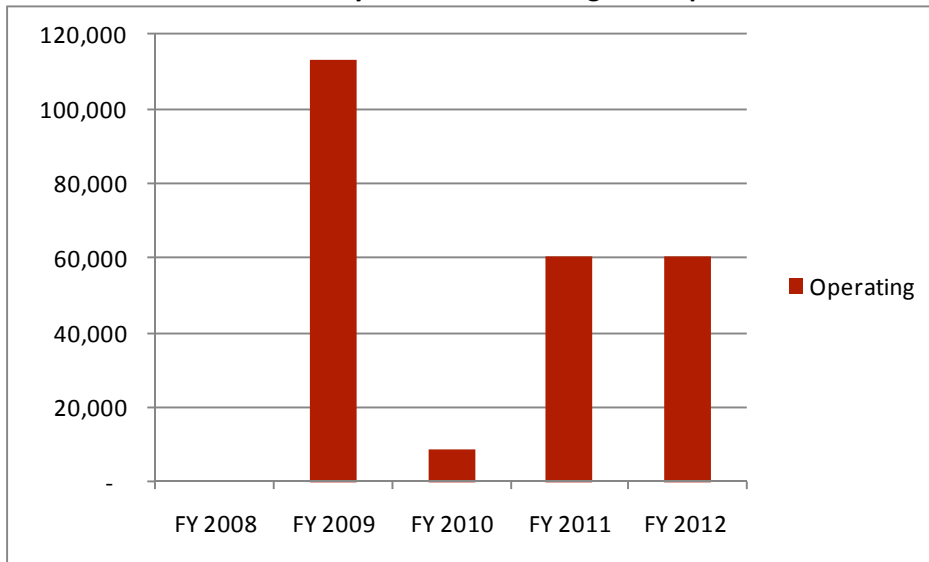
Davidson, as part of the Mecklenburg County HOME consortium, receives annual funding that is passed through the town to the Davidson Housing Coalition. HOME is administered by the US Dept of Housing and Urban Development (HUD) and authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act.

HOME provides grants to states and localities to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

**Notable changes:**

- No significant change from the prior year

**HOME Funds: Five year actual and budgeted expenditures**



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	BUDGET
Operating	-	113,368	8,595	60,439	60,439
<b>Total expenditures</b>	-	<b>113,368</b>	<b>8,595</b>	<b>60,439</b>	<b>60,439</b>

## Affordable Housing

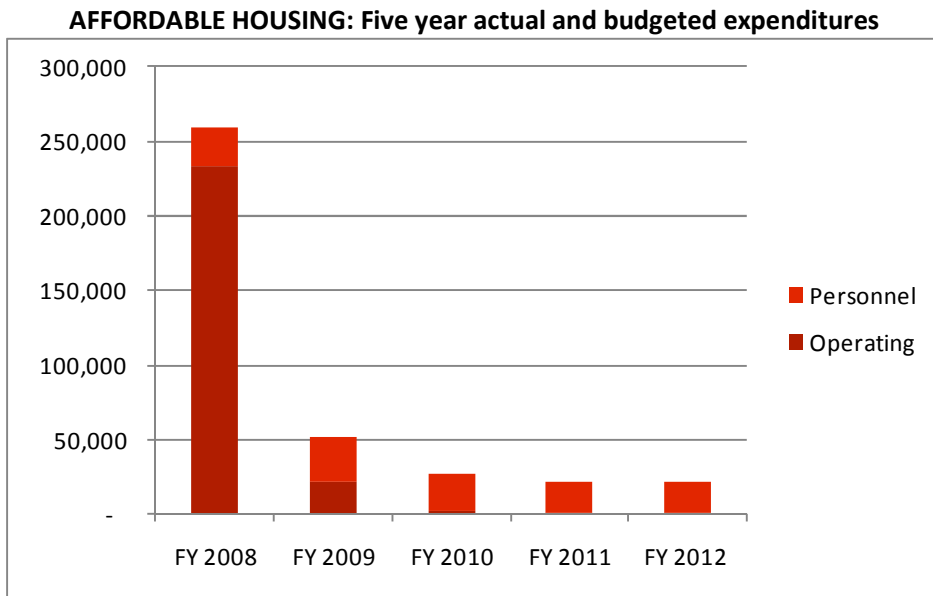
**Overview:**

Davidson’s affordable housing program helps create housing opportunities for people at a variety of income levels. Certain housing units in developments have been set aside as affordable units available to income eligible households. The selling prices or rents of these units are maintained below the selling prices or rents of the market rate units in the same development that are available to the general public.

The program is administered by the Affordable Housing Coordinator, who works under the supervision of the Assistant Town Manager. The program is governed by the Affordable Housing Ordinance and works closely with the town’s planning staff.

**Notable changes:**

- No significant change from the prior year



	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BUDGET
Personnel	26,498	28,876	24,191	20,095	20,100
Operating	233,393	22,320	2,318	1,500	1,500
<b>Total expenditures</b>	<b>259,891</b>	<b>51,196</b>	<b>26,509</b>	<b>21,595</b>	<b>21,600</b>

### Nondepartmental - Service Agencies

**Overview:**

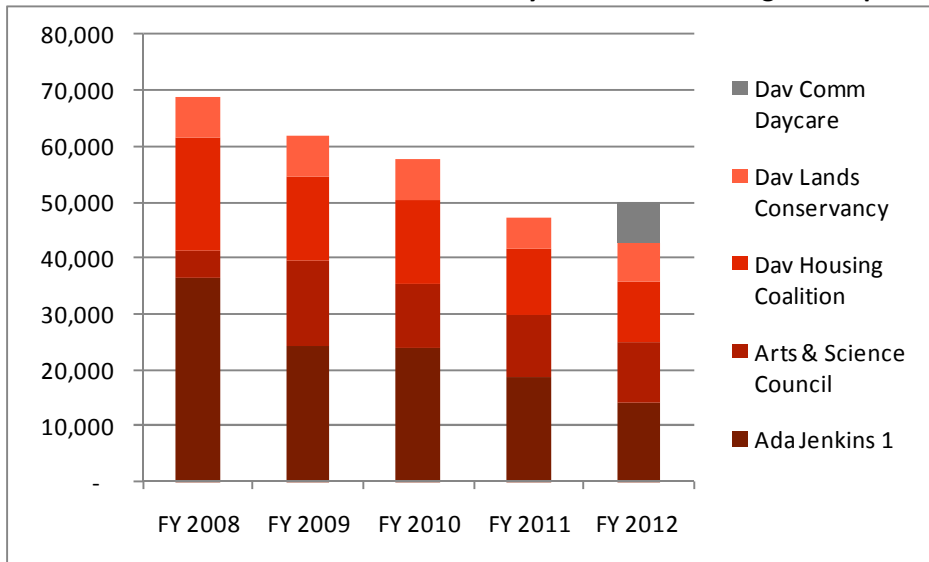
Expenditures charged to this cost center include funding for local nonprofits that provide services that align with the town’s mission and board goals.

Local nonprofit agencies are encouraged to apply for funding at the commencement of the budget process. A committee comprised of Davidson residents and town staff review applications and make recommendations to the board of commissioners. Awards are announced when the budget is adopted.

**Notable changes:**

- No significant change from the prior year

**NONDEPARTMENTAL – SERVICE AGENCIES: Five year actual and budgeted expenditures**



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
	ACTUAL	ACTUAL	ACTUAL	ESTIMATE	BUDGET
Ada Jenkins <sup>1</sup>	36,363	24,326	24,020	18,583	14,286
Arts & Science Council	5,000	15,140	11,250	11,250	10,715
Dav Housing Coalition	20,000	15,000	15,000	11,725	10,715
Dav Lands Conservancy	7,500	7,500	7,500	5,625	7,143
Dav Comm Daycare	-	-	-	-	7,143
<b>Total expenditures</b>	<b>68,863</b>	<b>61,966</b>	<b>57,770</b>	<b>47,183</b>	<b>50,001</b>

\* Prior to FY 2011 these contributions were recorded as expenses to various town departments. Beginning in FY 2011 all contributions were consolidated to one cost center.

<sup>1</sup> FY 2010 contribution to Ada Jenkins is an estimate of direct contribution and utilities paid on behalf of the agency.

### Nondepartmental – MI-Connection

**Overview:**

MI-Connection is a joint agency of the towns of Mooresville and Davidson. MI-Connection provides voice, data, and cable services to subscribers in the two towns, Cornelius, and incorporated areas of Mecklenburg and Iredell counties.

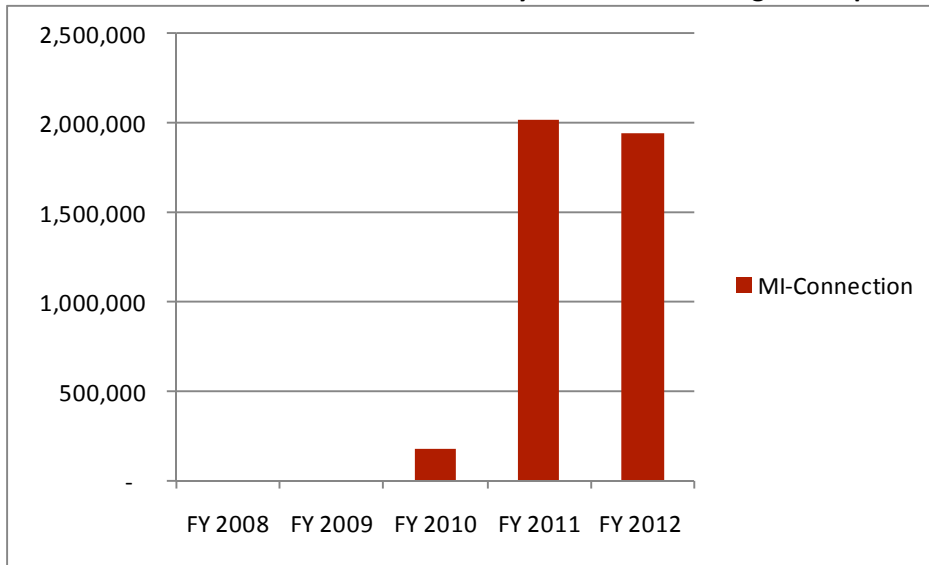
MI-Connection exhausted during FY 2010 its cash reserves from the initial debt issuance. MI-Connection’s annual budget has required cash payments from the two investing owners since FY 2010. Though increases have been modest, the MI-Connection board of directors and staff continue to improve earnings through additional subscriptions, additional services to existing subscribers, and alternate product offerings. Expense reductions have also contributed to the improving condition of this utility. For more information the reader should visit the town website at [www.townofdavidson.org](http://www.townofdavidson.org) under services tab.

The respective obligation of each town is based on the pro rata share of subscribers within each town.

**Notable changes:**

- \$ (75,520)– reduction in cash payment to MI-Connection

**NONDEPARTMENTAL – MI-CONNECTION: Five year actual and budgeted expenditures**



	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ESTIMATE	FY 2012 BUDGET
MI-Connection	-	-	180,189	2,018,640	1,943,120
<b>Total</b>	-	-	<b>180,189</b>	<b>2,018,640</b>	<b>1,943,120</b>

**Appendix 1  
FY 2011 Needs List**

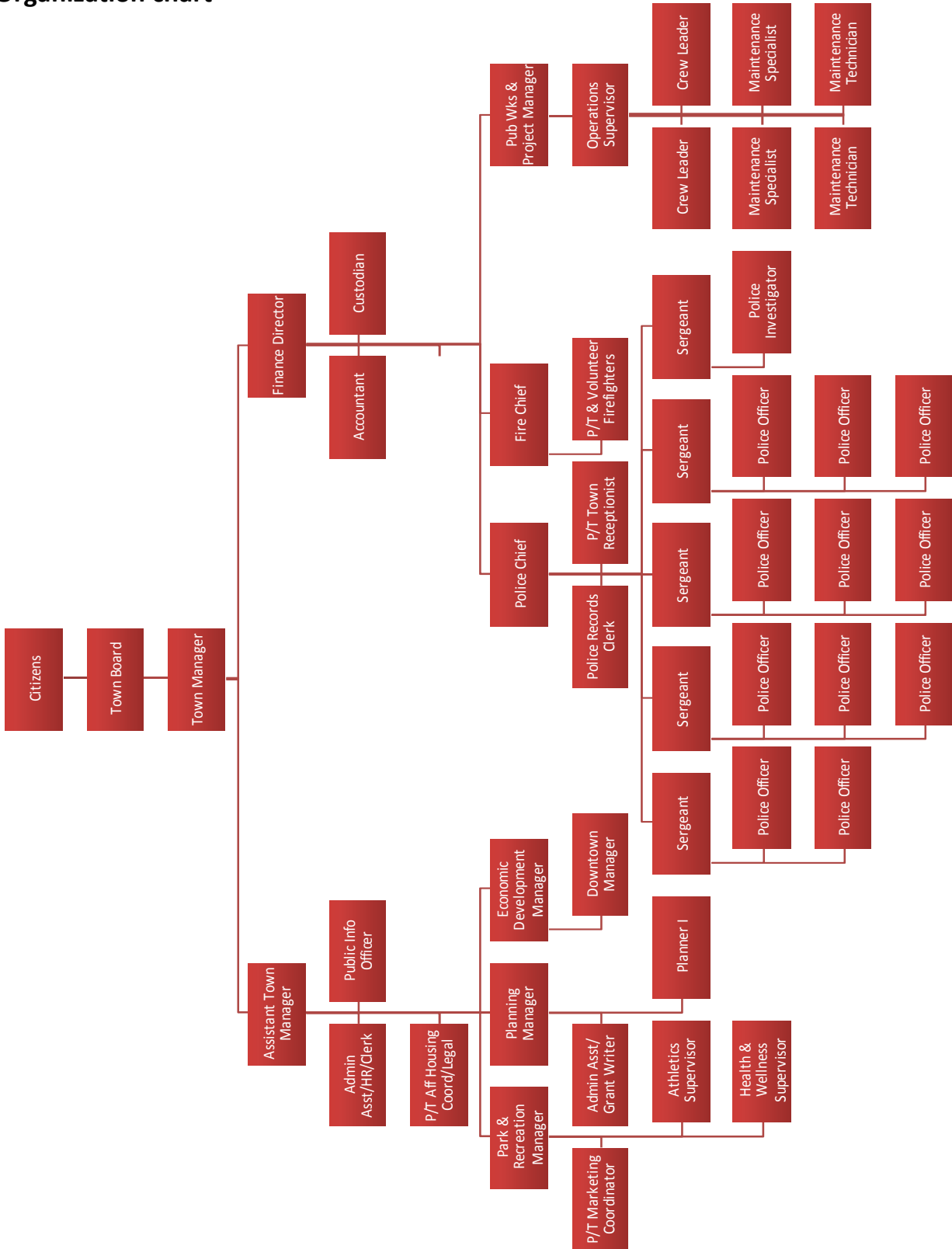
<u>Item</u>	<u>Description</u>	<u>Original Est.</u>	<u>Budget</u>
<b>FUNDED NEEDS</b>			
1	Street resurfacing	Maintains current paving grade (78.9 => 79.1)	\$ 200,000
2	Salary adjustments	Equal to 3% of salaries budget	88,901
3	Police cruiser replacement	Repl 5 cruisers, approx \$35k each (2 = pay-go, 3 fin'd)	86,360
4	Wayfinding signs	Pedestrian and parking (Pkg study recomm)	55,000
5	Nonprofit funding level	FY 2011 funding reduced 25% to \$43,125	50,000
6	Sidewalk construction	Locations of sidewalks to be determined	50,000
7	Small park/greenway maint & improvements	ex: RWP boardwalk, McEver Field lighting	30,000
8	Downtown improvements	Knox Ct repair, lighting, restriping (Pkg study recom)	25,000
9	Landscape Improvements	Recur annual allocation; ex: Griff St, welcome signs	25,000
10	Hydraulic tools	Replaces broken equipment (Fire dept)	25,000
11	Town hall maintenance	Roof repair and exterior cleaning/painting	20,000
12	IB Property Study	Assess conditions and possible uses of school prop	20,000
13	Small park/greenway maint & improvements	Add'l funds to maintain public parks	20,000
14	Public Works office building maintenance	Repair holes in structure, replace siding	15,000
15	Victim's Advocate (United Family Services)	Partner with North Meck municipalities	15,000
16	Self-contained Breathing Apparatus	Debt service for 50 pieces of equipment, \$175k	14,460
17	Beaty/Griffith Sts traffic signal	Dedicated left turn signal onto Beaty St	13,000
18	Public art	5% of Occ tax, Ppd Food taxes; 2012 = wayfinding signs	12,190
19	PC replacement	Routine computer replacement	10,000
20	Economic Development strategic plan review	Hire consultant to review plan created in-house	10,000
21	Volunteer Incentives	Increased funding for volunteer firefighters	10,000
22	Health assessment	Grant match	5,000
23	Public and media workstation, software	Direct Access Station (DAS) and archive retrieval software	5,000
24	Accounting system upgrade	Purchase order/encumbrance system	4,200
25	Connect CTY	Incremental cost to maintain outreach system (\$6,750)	3,250
26	Allison Park parking lot	Fulfills contractual obligation	3,000
27	Insurance for fitness program	Mitigates risk for mandatory fitness program (police)	2,400
28	Office furniture	Replace office chairs	2,000
29	Wide monitor, software	Required by Meck Cty to review plans	2,000
30	Red line bike/pedestrian plan	Partner with North Meck municipalities	2,000
31	Back up batteries for police patrol cars	Turn off engines but still power laptops	1,600
32	Learning institute	100% offset by revenue	1,450
<b>Totals</b>			<b>\$ 826,811</b>

**Appendix 2  
Position Summary**

Department	FY 2008		FTE	FTE	FTE	FTE	Chg FY 2012/ FY 2011
	FT	PT	FY 2009	FY 2010	FY 2011	FY 2012	
Administration	6	2	7.5	7.5	7.0	7.0	0.0
Legal	0	0	0.0	0.0	0.3	0.3	0.0
Police	20	1	19.1	20.1	19.0	19.0	0.0
Fire *	0	0	2.5	2.5	6.4	6.4	0.0
Public Works	5	0	5.8	5.3	5.3	5.3	0.0
Planning	4	1	5.1	5.1	2.9	3.0	0.1
Economic Development	1	0	1.2	1.2	2.0	2.0	0.0
Travel & Tourism	0	0	1.8	1.3	1.3	1.3	0.0
Recreation	7	11	9.7	6.7	3.9	3.9	0.0
Parks	0	0	0.0	3.5	3.2	3.2	0.0
Affordable Housing	0	0	0.5	0.5	0.3	0.3	0.0
	43	15	53.2	53.7	51.4	51.4	0.0

\* Does not include volunteer firefighters

Appendix 3:  
Organization chart





**Appendix 4  
Revenue neutral tax rate calculation**

Revaluations as of:  
January 1, 2011 and 2003

Fiscal year		Assessed Valuation as of June 30	Annexation (Deannexation)		Total adjusted for annexation or deannexation	Valuation increase	Percentage change
2010-2011	Reval 1/1/11	\$ 1,639,838,237	\$ -	10-11 09-10	\$ 1,639,838,237 1,372,067,123	\$ 267,771,114	
2009-2010		1,372,067,123	-	09-10 08-09	1,372,067,123 1,347,831,675	24,235,448	1.8%
2008-2009		1,347,831,675	-	08-09 07-08	1,347,831,675 1,254,657,938	93,173,737	7.4%
2007-2008		1,254,657,938	651,600	07-08 06-07	1,254,006,338 1,144,931,020	109,075,318	9.5%
2006-2007		1,144,931,020	574,100	06-07 05-06	1,144,356,920 1,126,223,486	18,133,434	1.6%
2005-2006		1,126,223,486	1,475,300	05-06 04-05	1,124,748,186 1,060,147,303	64,600,883	6.1%
2004-2005		1,060,147,303	640,000	04-05 03-04	1,059,507,303 1,011,949,850	47,557,453	4.7%
2003-2004		1,011,949,850	941,000	03-04 02-03	1,011,008,850 964,942,883	46,065,967	4.8%
2002-2003	Reval 1/1/03	964,942,883					
Average growth in years preceding current revaluation ==>							5.1%

Last year prior to revaluation							
2009-2010		\$ 1,372,067,123			Tax rate	\$ 0.365	\$ 5,008,045
First year of revaluation							
2010-2011		1,639,838,237			Tax rate to produce equivalent levy	\$ 0.305	5,008,045
Increase tax rate for average annual growth rate							
2010-2011		1,639,838,237			Revenue neutral tax rate, adjusted for growth	\$ 0.321	5,265,089
Ordinary increase in tax levy due to growth							257,044
Average annual percent increase							5.13%

Notes:

includes ALL property that is taxed according to value == real estate, personal property and motor vehicles

factors in Iredell/Meck values ==> both reval as of Jan 1 2011; Meck, 8-yr cycle, Iredell, 4-yr cycle

rate w/o factoring in growth: \$ 0.305

average growth rate for 8 yrs: 5.13%

rate factoring in growth: \$ 0.321

Appendix 5:

Debt Service Schedules

As of June 30, 2011			2009			2008			2008			
Total outstanding debt	\$	4,155,067	Issue Financed	\$	314,000	Issue Financed	\$	540,000	Issue Financed	\$	625,000	
Estimated population		10,944	Type		Installment	Type		Installment	Type		Installment	
Debt per capita	\$	380	Description		Beaty St prop	Description		Fire truck	Description		Armour St Theat	
			Rate		3.66%	Rate		3.26%	Rate		4.19%	
	Debt service	Balance	Debt service	Balance	Debt service	Balance	Debt service	Balance	Debt service	Balance	Debt service	Balance
6/30/2011	718,024	4,155,067	51,255	253,257	63,711	395,908	54,491	531,250	54,491	531,250	54,491	531,250
6/30/2012	674,463	3,646,857	51,255	210,887	63,711	344,686	53,182	500,000	53,182	500,000	53,182	500,000
6/30/2013	627,221	3,165,258	51,255	166,952	63,711	291,781	51,873	468,750	51,873	468,750	51,873	468,750
6/30/2014	582,046	2,709,771	51,255	121,394	63,711	237,137	50,563	437,500	50,563	437,500	50,563	437,500
6/30/2015	527,603	2,289,806	51,255	74,153	63,711	180,697	49,254	406,250	49,254	406,250	49,254	406,250
6/30/2016	448,391	1,933,118	51,255	25,167	63,711	122,402	47,945	375,000	47,945	375,000	47,945	375,000
6/30/2017	417,355	1,593,035	25,628	0	63,711	62,191	46,635	343,750	46,635	343,750	46,635	343,750
6/30/2018	386,319	1,270,587			63,712	-	45,326	312,500	45,326	312,500	45,326	312,500
6/30/2019	317,198	1,004,512					44,016	281,250	44,016	281,250	44,016	281,250
6/30/2020	311,790	732,340					42,707	250,000	42,707	250,000	42,707	250,000
6/30/2021	306,381	453,780					41,398	218,750	41,398	218,750	41,398	218,750
6/30/2022	194,397	276,124					40,088	187,500	40,088	187,500	40,088	187,500
6/30/2023	115,933	156,250					38,779	156,250	38,779	156,250	38,779	156,250
6/30/2024	37,470	125,000					37,470	125,000	37,470	125,000	37,470	125,000
6/30/2025	36,160	93,750					36,160	93,750	36,160	93,750	36,160	93,750
6/30/2026	34,851	62,500					34,851	62,500	34,851	62,500	34,851	62,500
6/30/2027	33,541	31,250					33,541	31,250	33,541	31,250	33,541	31,250
6/30/2028	32,232	-					32,232	0	32,232	0	32,232	0
6/30/2029	-	-					-	-	-	-	-	-
6/30/2030	-	-					-	-	-	-	-	-

Appendix 5:  
Debt Service Schedules (continued)

Issue	2005			2004			(1995)/2003			(1999)/2003			2002		
	Financed	Issue	2004	Financed	Issue	(1995)/2003	Financed	Issue	(1999)/2003	Financed	Issue	2002	Financed	Issue	2002
Type	Installation	Type	Installation	Type	Installation	Type	Installation	Type	Installation	Type	Installation	Type	Installation	Type	Installation
Description	Streets	Description	Streets/Sidewalks	Description	Library	Description	Streets/Sidewalks	Description	Streets/Sidewalks	Description	Streets/Sidewalks	Description	Streets/Sidewalks	Description	Fisher Farm
Rate	3.81%	Rate	3.60%	Rate	4.80%	Rate	4.45%	Rate	4.45%	Rate	4.69%	Rate	4.69%	Rate	4.69%
Debt service	Balance	Debt service	Balance	Debt service	Balance	Debt service	Balance	Debt service	Balance	Debt service	Balance	Debt service	Balance	Debt service	Balance
151,670	1,076,000	84,453	117,188	35,297	-	122,837	404,428	154,308	1,377,036						
147,571	968,400	81,641	39,063			122,794	298,465	154,308	1,285,357						
143,471	860,800	39,766	-			122,837	187,691	154,308	1,189,284						
139,372	753,200					122,837	71,933	154,308	1,088,607						
135,272	645,600					73,803	-	154,308	983,106						
131,172	538,000							154,308	872,549						
127,073	430,400							154,308	756,694						
122,973	322,800							154,308	635,287						
118,874	215,200							154,308	508,062						
114,774	107,600							154,308	374,740.3006						
110,675	0							154,308	235,029.5627						
								154,308	886,236.9001						
								77,154	0						

**Appendix 6  
Budget Ordinance**

**TOWN OF DAVIDSON, NORTH CAROLINA  
BUDGET ORDINANCE FISCAL YEAR 2011-2012**

**BE IT ORDAINED** by the Board of Commissioners of the Town of Davidson, North Carolina meeting in regular session on June 14, 2011, that the following Fund Revenues and Department Expenditures together with certain restrictions and authorizations are adopted:

**SUMMARY**

	<b><u>Total Budget Appropriations</u></b>
General Fund	\$ 9,033,979
Powell Bill Fund	273,650
Storm Water Fund	255,740
Solid Waste Fund	729,160
Affordable Housing Fund	21,600
<b>TOTAL</b>	<b>\$ 10,314,129</b>

**Section I  
GENERAL FUND**

<b>Source</b>	<b>Revenues Anticipated</b>	<b>Amount</b>
Property Taxes		\$ 5,389,020
Sales Taxes		1,030,350
Occupancy and Prepared Foods Taxes		260,970
Cable & Utility Franchise Tax		676,320
Motor Vehicle Tax/Fees		365,780
Sales and Services		298,600
Other Taxes/Intergov.		417,710
APFO/Restricted Uses		0
Grants and Contributions		0
Miscellaneous		40,510
Investment Earnings		3,550
Fund Balance Appropriated		551,169
<b>Total General Fund Revenue Anticipated</b>		<b>\$ 9,033,979</b>

**Expenditures Authorized**

<b>Department</b>	<b>Amount</b>
Governing Body/Elections	64,510
Administration	884,870
Legal	92,210
Building and Grounds	260,490
Police Department	1,655,480
Fire Department	717,890
Streets/Cemetery	1,340,540
Economic Development	448,780
Planning	275,880
Travel & Tourism	221,010
HOME	60,439
Recreation	416,600
Parks	602,160
Non-Dept./Service Agencies	50,000
Non-Dept./MI-Connection	1,943,120
<b>Total General Fund Expenditures Authorized</b>	<b>\$ 9,033,979</b>

**Section II  
POWELL BILL FUND**

**Revenues Anticipated**

<b>Source</b>	<b>Amount</b>
Allocation	\$ 273,600
Interest	50
<b>Total Powell Bill Revenues Anticipated</b>	<b>\$ 273,650</b>

**Expenditures Authorized**

Engineering	\$ 10,000
Supplies	7,800
Street repairs and improvements	160,500
Sidewalk Repairs	2,500
Loan Payment	92,850
<b>Total Powell Bill Expenditures Authorized</b>	<b>\$ 273,650</b>

**Section III  
STORM WATER FUND**

**Revenues Anticipated**

<b>Source</b>	<b>Amount</b>
Fees	\$ 255,740
<b>Total Storm Water Rev. Anticipated</b>	<b>\$ 255,740</b>

**Expenditures Authorized**

Storm Water Contract	\$ 255,740
<b>Total Storm Water Fund Expenditures Authorized</b>	<b>\$ 255,740</b>

**Section IV  
SOLID WASTE FUND**

**Revenues Anticipated**

<b>Source</b>	<b>Amount</b>
Fees	\$ 729,160
<b>Total Solid Waste Fund Revenues Anticipated</b>	<b>\$ 729,160</b>

**Expenditures Authorized**

Contracted Solid Waste Collection	\$ 609,000
Contracted Recyclables	120,160
<b>Total Solid Waste Fund Exp. Authorized</b>	<b>\$ 729,160</b>

**Section V  
AFFORDABLE HOUSING FUND**

**Revenues Anticipated**

<b>Source</b>	<b>Amount</b>
Contributed from General Fund	\$ 21,600
<b>Total Affordable Housing Fund Revenues Anticipated</b>	<b>\$ 21,600</b>

**Expenditures Authorized**

Personnel Services	\$ 20,100
Supplies	500
Contract Services	1,000
<b>Total Affordable Housing Fund Exp. Authorized</b>	<b>\$ 21,600</b>

**Section VI  
TAX RATE ESTABLISHED**

An Ad Valorem Tax Rate of \$ .35 per \$100 full valuation is hereby established as the official tax rate for the Town of Davidson for the Fiscal Year 2011-2012. This rate is based on a total true valuation of \$ 1,556,550,900 and an estimated rate of collection of 98%.

**Section VII  
SPECIAL AUTHORIZATION, BUDGET OFFICER**

- A. The Budget Officer shall be authorized to reallocate departmental appropriations among the various objects of expenditure as he believes necessary.
- B. The Budget Officer shall be authorized to execute interdepartmental transfers, in the same fund, not to exceed 10% of the appropriated monies for the department whose allocation is reduced. Notice of all such transfers shall be made to the Board on the next succeeding Financial Report.
- C. Utilization of appropriations established in any Capital Reserve Account may be accomplished only with the express approval of the Board.
- D. Upon authorization by the Board, the Budget Officer may activate the Capital Projects Fund and thereafter treat it as any other operating fund.

**Section VIII  
RESTRICTIONS, BUDGET OFFICER**

- A. The inter-fund transfer of monies, except as noted in Section VII, Paragraph A and B, shall be accomplished by Board authorization only.
- B. No salary increase, beyond those set forth in the budget document, may be made without Board approval.
- C. Utilization of appropriations established in any Capital Reserve Account may be accomplished only with the express approval of the Board.
- D. Upon authorization by the Board, the Budget Officer may activate the Capital Projects Fund and thereafter treat it as any other operating fund.

**Section IX**

**UTILIZATION OF BUDGET AND BUDGET ORDINANCE**

This Ordinance and the Budget Document shall be the basis of the financial plan for the Davidson Municipal Government during the 2011-2012 Fiscal Year. The Budget Officer shall administer the Budget and he shall insure that operating officials are provided guidance and sufficient details to implement their appropriate portion of the Budget. The accounting section shall establish records that are in consonance with the Budget and this Ordinance and the appropriate statutes of the State of North Carolina.

**ADOPTED THIS THE \_\_\_\_ DAY OF JUNE, 2011.**



## GLOSSARY

**Ad Valorem tax** is a tax based on the value of real estate or personal property

**Adequate Public Facilities Ordinance (APFO)** allows local governments to deny or delay new developments if existing government services (water and sewer, roads, schools, fire and police) cannot support it. An APFO can ensure new development does not negatively impact a community's quality of life by overburdening public services.

**Affordable Housing** provides low cost housing for sale or rent, often from a housing association, to meet the needs of local people who cannot afford accommodation through the open market.

**Appropriation** is the legal authority for spending granted to the town manager once the budget is adopted

**Budget Officer** is the statutory role (NCGS 159) of the town manager in connection with the annual budget process

**Commission on Accreditation for Law Enforcement Agencies (CALEA)** is a credentialing authority whose primary purpose is to improve law enforcement service by creating a national body of standards developed by law enforcement professionals. Furthermore, it recognizes professional achievements by establishing and administering an accreditation process through which a law enforcement agency can demonstrate that it meets those standards.

**Cost center** refers to a distinctly identifiable department or division, whose manager is responsible for all its associated costs

**Current liabilities** represent unpaid obligations that will be paid within the next 12 months

**Davidson Housing Coalition** partners with the town to deliver affordable housing alternatives to low income buyers and renters

**Davidson Lands Conservancy** is a nonprofit organization that works in partnership with private landowners, public agencies, developers, and others to preserve the natural beauty and ecological diversity of the town

**Full Time Equivalent (FTE)** is a measure of work hours. It is calculated by dividing total annual work hours by 2,080 (40 hours per week x 52 weeks per year). For example a part-time employee working 25 hours per week would equal .375 FTE using this formula:  $25 \text{ hrs} \times 52 \text{ weeks} \text{ divided by } 2,080 = .375$

**Fiscal year** for local governments in North Carolina begins July 1 and ends June 30 of the subsequent year

**Fund** is a fiscal and accounting entity with a self-balancing set of accounts. A fund is established to segregate revenue sources necessary to pay for certain activities and the accompanying uses of those resources.

**Fund balance** represents cash that is available for appropriation. Typically calculated at the end of a fiscal year, fund balance is equal to cash + investments – current liabilities

**Greenway** - A linear path designed specifically for pedestrian and bicycle use

**Land Use and Environmental Services Agency (LUESA)** is a department of Mecklenburg County government providing services such as building/zoning enforcement, management of water and air resources, custodian of property data, property listing and appraisal for tax assessment.

**Local Government Commission (LGC)** is a part of the North Carolina Department of State Treasurer which was created after the Great Depression to assist local North Carolina governments in decision making involving large financing projects such as bond issues. The commission is chaired by the North Carolina State Treasurer

**MI-Connection** is a joint agency between Mecklenburg County and the towns of Mooresville, Davidson, and Cornelius that was formed in 2007 to purchase and operate a telecommunications system. Only Mooresville and Davidson have a financial stake in MI-Connection, with ownership split proportionate to MI-Connection customers served within each town.

**Municipal Service District**, by resolution of the board, is a geographic area found to be in need of one or more of the services, facilities, or functions listed in NCGS 160A-536 to a demonstrably greater extent than the remainder of the town

**National Fire Protection Association (NFPA)** is an organization that creates and maintains minimum standards and requirements for fire prevention and suppression activities, training, and equipment.

**National Pollutant Discharge Elimination System (NPDES)** was established by the federal government to control point-source discharges of wastewater. The North Carolina Division of Water Quality is responsible for administering North Carolina's NPDES Permitting and Compliance Program.

**Ordinance** - A term for a law or regulation officially adopted by a local government

**Revenue neutral tax rate** is the tax rate that would yield revenue equal to what would have been generated in the absence of a general property revaluation. The rate factors in ordinary growth that would have occurred from one year to the next.

**Tax levy** is the imposition of a financial charge upon a taxpayer such that failure to pay is punishable by law

**Visit Lake Norman** markets hospitality and regional resources to the broadest base of potential visitors for the maximum exposure and economic benefit of local businesses, residents, and their traveling guests throughout the lake community



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